

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TRI-CENTRAL COMMUNITY SCHOOLS

TIPTON COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
06/20/2018

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|--------------------------------|--|
| Treasurer | Lisa Dever | 07-01-14 to 12-31-18 |
| Superintendent of Schools | Tim Garland Dave Driggs | 07-01-14 to 12-31-15 01-01-16 to 12-31-18 |
| President of the School Board | Chris Kelley Kolby Dickover | 07-01-14 to 01-08-17 01-09-17 to 12-31-18 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TRI-CENTRAL COMMUNITY SCHOOLS, TIPTON COUNTY, INDIANA

This report is supplemental to our audit report of the Tri-Central Community Schools (School Corporation), for the period from July 1, 2014 to June 30, 2016. It has been provided as a separate report so that the reader may easily identify any Federal Findings 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/.

The Federal Findings, identified in the above referenced audit report, are included in this report.

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

May 15, 2018

TRI-CENTRAL COMMUNITY SCHOOLS
FEDERAL FINDINGS

FINDING 2016-001

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-001.

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).

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 SEFA. The Treasurer prepared the federal award information entered in Gateway without a control in place to prevent, or detect and correct, errors prior to submission.

Context

The SEFA presented for audit contained the following errors:

1. The Department of Education (Title I Basic Grant - 2013) and Department of Homeland Security (Disaster Grants - Public Assistance) funds received were omitted from the SEFA.
2. The Identifying numbers for grant awards were omitted or incorrectly reported for some grant awards.
3. The Pass-through amounts were incorrectly reported.
4. The Special Education monies handled through the Kokomo Area Special Education Cooperative were overstated.

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.

TRI-CENTRAL COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

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.
- (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 *Context*.

TRI-CENTRAL COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls related to the preparation of 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 2016-002

Subject: Child Nutrition Cluster - Eligibility
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 2015, FY 2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Finding: Significant Deficiency

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-004.

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 Eligibility compliance requirement.

The Food Service Director was responsible for receiving and inputting eligibility information. No review or oversight was documented as being conducted.

Context

The lack of controls was a systemic issue, which occurred 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. . . ."

TRI-CENTRAL COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Eligibility compliance requirement.

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the Eligibility compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Eligibility 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 2016-003

Subject: Child Nutrition Cluster - 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 2015, FY 2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Significant Deficiency

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-004.

TRI-CENTRAL COMMUNITY SCHOOLS
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 Reporting compliance requirement.

Effective internal controls had not been established to verify information on the Annual Financial Report and on the Verification Summary Report was accurate. No review of reported amounts was conducted.

Context

The lack of internal controls was a systemic issue, which occurred 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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Reporting compliance requirement.

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the Reporting compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

TRI-CENTRAL COMMUNITY SCHOOLS
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 2016-004

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

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2015, FY 2016

Pass-Through Entity: Indiana Department of Education

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

Audit Finding: Significant Deficiency

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-006.

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 - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

There were no controls in place to ensure that the verifications were performed and reported accurately. The Food Service Director independently completed the verification of free and reduced price applications and independently prepared the Verification Summary Report. There was no segregation of duties, such as an oversight, review, or approval process.

Context

The lack of controls was a systemic issue, which occurred 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. . . ."

TRI-CENTRAL COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

Views of Responsible Officials

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

FINDING 2016-005

Subject: Child Nutrition Cluster - Procurement
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): FY 2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

TRI-CENTRAL COMMUNITY SCHOOLS
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 Procurement and Suspension and Debarment compliance requirement.

The School Corporation developed a procurement policy in compliance with required guidelines, but did not have adequate controls in place to ensure compliance with those requirements or the policy.

The School Corporation did not seek out price or rate quotations from an adequate number of qualified sources for small purchases as required. Of the purchases tested, four purchases totaling \$30,584 did not comply with the procurement requirements or the School Corporation's policy.

Context

The lack of controls and noncompliance were systemic issues during the fiscal year 2016 in which the School Corporation was subject to Uniform Guidance requirements.

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 200.320(b) states:

"Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources."

Cause

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

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

TRI-CENTRAL COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish 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.

FINDING 2016-006

Subject: Child Nutrition Cluster - 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 2015, FY 2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-005.

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.

The School Corporation's ending fund balances for the School Lunch fund exceeded the 3 month average expenditures for 9 of the 24 months of the audit period.

Context

The lack of controls and noncompliance were systemic issues, which occurred 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. . . ."

TRI-CENTRAL COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 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 resources 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 that would have ensured compliance with the Cash Management compliance requirement.

Effect

The failure to establish an effective internal control system place the School Corporation in non-compliance with the grant agreement and the Cash Management compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Cash Management compliance requirement.

Views of Responsible Officials

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

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Craig Smith, Secretary
Jerry Fernung
Chris Kelley
Carol Kinder
Jay Rayl

SUPERINTENDENT

Dave Driggs
TREASURER
Lisa Dever
DEPUTY TREASURER
Cindy Tarrh
SECRETARY
Tamela Brooks

CORRECTIVE ACTION PLAN


FINDING 2016-001

Contact Person for Corrective Action: Lisa A. Dever, Treasurer
Contact Phone Number: (765) 963-2585, Ext. 1006

Views of Responsible Official: Management understands the importance of correct reporting of the SEFA. While it is understood that internal controls need to be in place, it is difficult to have continued oversight in this area due to staffing changes that require constant training in federal grants administration. In our small administration office, we each have multiple responsibilities and it is difficult to be an expert in one particular area such as the SEFA. The oversights made during preparation of the SEFA were due to a prior Title I fund being inactivated in our financial software system and the FEMA money we received was not created as a grant fund; therefore, it was overlooked. The treasurer had a misconception of what pass-through entities were which created some incorrectly reported figures.

Description of Corrective Action Plan: The administration hired a new grant writer in the fall of 2017 and this position is responsible for maintaining all federal grant funds and files. The grant writer is responsible for maintaining records to include the CFDA number, grantor agency, program title, pass-through entity, if applicable, and the pass-through identifying number. The grant writer will ensure that proper documentation is received from KASEC to reflect the total federal funds handled for special education. The corporation treasurer will prepare the SEFA and submit the report in Gateway after oversight by the grant writer. In this manner, the proper internal controls will be in place and will ensure accurate reporting.

Anticipated Completion Date: Management already has this internal control in place and anticipate a much better outcome with the SEFA to be prepared and submitted in August 2018. We anticipate being in full compliance with personnel training by June 30, 2018.



Signature

Corporation Treasurer

Title

May 14, 2018

Date

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Lisa Dever
DEPUTY TREASURER
Cindy Tarrh
SECRETARY
Tamela Brooks

CORRECTIVE ACTION PLAN

FINDING 2016-002:

Contact Person for Corrective Action: Jean Harden, Food Service Director
Contact Phone Number: (765) 963-2560, Ext. 1172

Views of Responsible Official: Management understands the need for establishing, implementing and periodically reviewing internal controls for all federal grant funds. While the daily practices of the responsible individuals who manage the School Breakfast Program and National School Lunch Program have not changed over the years, we are committed to making the necessary changes in our daily and monthly routine, as needed, for proper implementation and oversight of the federal programs.

Description of Corrective Action Plan: The Assistant Food Service Director will be responsible for verifying the accuracy a random sampling of 10 -12 applications submitted online for the free and reduced lunch program. The Food Service Director will then be responsible for double-checking accuracy of that data after the initial review. Using this method of verification of the accuracy of the online approval student data system, there will be verifiable evidence of both individual's review. A log will be kept of each application checked for accuracy for audit purposes.

Anticipated Completion Date: This control will be implemented by May 21, 2018.



Signature

Food Service Director

Title

May 14, 2018

Date

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CORRECTIVE ACTION PLAN

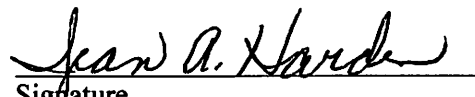
FINDING 2016-003:

Contact Person for Corrective Action: Jean Harden, Food Service Director
Contact Phone Number: (765) 963-2560, Ext. 1172

Views of Responsible Official: Management understands the need for establishing, implementing and periodically reviewing internal controls for all federal grant funds. While the daily practices of the responsible individuals who manage the School Breakfast Program and National School Lunch Program have not changed over the years, we are committed to making the necessary changes in our daily and monthly routine, as needed, for proper implementation and oversight of the federal programs.

Description of Corrective Action Plan: The annual financial report will be prepared by the Food Service Director and the Corporation Treasurer will review the figures, sign off and enter the data into the State's software program for submission. Supporting documentation will be maintained for audit including both individual's initials or signatures as having reviewed the data.

Anticipated Completion Date: We believe we are already in full compliance and have been since the audit of 2014, which occurred in March 2016.



Signature

Food Service Director

Title

May 14, 2018

Date

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Lisa Dever
DEPUTY TREASURER
Cindy Tarrh
SECRETARY
Tamela Brooks

CORRECTIVE ACTION PLAN

FINDING 2016-004:

Contact Person for Corrective Action: Jean Harden, Food Service Director
Contact Phone Number: (765) 963-2560, Ext. 1172

Views of Responsible Official: Management understands the need for establishing, implementing and periodically reviewing internal controls for federal grant funds. We realize that in the absence of internal controls, including segregation of duties, certain requirements of the federal grant funds have gone unnoticed. Management is committed to making the necessary changes for proper implementation of internal controls and oversight of the federal programs.

Description of Corrective Action Plan: The Food Service Director is responsible for the verification of a random sampling of free and reduced lunch applications. A second individual will review those same applications for accuracy and all documentation, along with both sets of initials and date reviewed, will be maintained for audit.

Anticipated Completion Date: Management anticipates having full compliance with this internal control by June 30, 2018.



Signature

Food Service Director

Title

May 14, 2018

Date

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CORRECTIVE ACTION PLAN

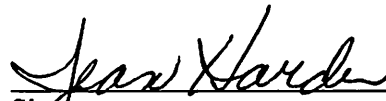
FINDING 2016-005:

Contact Person for Corrective Action: Jean Harden, Food Service Director
Contact Phone Number: (765) 963-2560, Ext. 1172

Views of Responsible Official: An oversight was made during a complete update and change in student data systems (SDS), whereby the point of sale equipment needed to implement the food service program was purchased without obtaining three (3) quotes. The original purchase agreement with the SDS was thought to have covered that requirement as a necessary part of the changeover. Proper internal controls have not been in place to catch this sort of mistake until it is too late.

Description of Corrective Action Plan: The Board shall review its policy for micro-purchases and small purchases so as to be compliant with 2 CFR 200.320(a),(b). Upon review of the policy, the Board shall determine the proper threshold for receiving three (3) price or rate quotes as well as the threshold for fixed asset reporting and shall take action, if needed, to bring the policy for procurement into compliance. The Corporation Treasurer will provide the Food Service Director and the Assistant Food Service Director information on proper procurement policies and the date documented that it was provided. The Food Service Director will be notified of any changes in policy and moving forward, will obtain the necessary quotes as required. The superintendent will be provided the quotes for review and approval and the corporation treasurer will be provided a copy of the three (3) quotes for filing in the Administration Office.

Anticipated Completion Date: Management anticipates having full compliance as soon as possible within the guidelines of reviewing and revising policy by Board action and adoption. The intent is to have it completed by September 30, 2018. The Food Service Director shall take the necessary steps to comply with quotes effective immediately upon audit completion.



Signature

Food Service Director
Title

May 14, 2018
Date

TRI-CENTRAL COMMUNITY SCHOOLS

4774 NORTH 200 WEST
SHARPSVILLE, INDIANA 46068-9457
PHONE (765) 963-2585
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SCHOOL BOARD MEMBERS

Kolby Dickover, President
Dan DeLong, Vice President
Craig Smith, Secretary
Jerry Fernung
Chris Kelley
Carol Kinder
Jay Rayl

SUPERINTENDENT

Dave Driggs
TREASURER
Lisa Dever
DEPUTY TREASURER
Cindy Tarrh
SECRETARY
Tamela Brooks

CORRECTIVE ACTION PLAN

FINDING 2016-006:

Contact Person for Corrective Action: Jean Harden, Food Service Director
Contact Phone Number: (765) 963-2560, Ext. 1172

Views of Responsible Official: Management understands the need for establishing, implementing and periodically reviewing internal controls for all federal grant funds. While we recognize that the three (3) month average fund balance was in excess for nine (9) of the twenty-four (24) months during the audit period, we believe there exists a need for continual monitoring of the basic operating needs of the food service department. Equipment replacement must be planned as there is a need for accumulating cash balance in order to make large equipment purchases. We make every effort to get within the required 3 month average by the end of the school year and put a plan in place if needed to explain the intentions of spending down the balance.

Description of Corrective Action Plan: Monthly fund balance reports will be provided to the Food Service Director by the Corporation Treasurer for proper monitoring of the cash balance in the school lunch fund. A full review of equipment and staff needs will be done in order to determine what purchases need to be made. In addition the breakfast and lunch menus will be reviewed for possible changes and additions that may be more costly on a normal basis. These actions will help to maintain a minimum 3-month balance of operating expenditures. If large equipment or cafeteria purchases are needed, a plan will be put in writing to allow for accumulation of the fund cash balance beyond the required average 3-month balance. The Corporation Treasurer will prepare a fund balance sheet for review and signature by the Food Service Director as evidence of monthly monitoring.

Anticipated Completion Date: We anticipate being in full compliance by June 30, 2018.



Signature

Food Service Director

Title

May 14, 2018

TRI-CENTRAL COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on May 15, 2018, with Lisa Dever, Treasurer; Dave Driggs, Superintendent of Schools; and Kolby Dickover, President of the School Board.