

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
DELPHI COMMUNITY SCHOOL CORPORATION
CARROLL 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	Debbie Speckman	07-01-14 to 10-10-16
	Gayla Martin	10-11-16 to 02-26-17
	Allison Everett	02-27-17 to 06-30-18
Superintendent of Schools	Ralph Walker	07-01-14 to 12-31-15
	Gregory G. Briles	01-01-16 to 06-30-18
President of the School Board	Jerry Sparks	01-01-14 to 12-31-14
	Bill Trueblood	01-01-15 to 12-31-16
	Kirk Schwartzkopf	01-01-17 to 12-31-17
	Steve Myer	01-01-18 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE DELPHI COMMUNITY SCHOOL
CORPORATION, CARROLL COUNTY, INDIANA

This report is supplemental to our audit report of the Delphi Community School Corporation (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 14, 2018

DELPHI COMMUNITY SCHOOL CORPORATION
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. The prior audit finding number was 2014-001.

Condition

The School Corporation had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source for the Schedule of Expenditures of Federal Awards (SEFA).

Context

Due to the lack of controls, the SEFA contained the following errors:

1. The Special Education_Grants to States expenditures were understated by \$372,242 for the 2015 fiscal year.
2. The Special Education_Preschool Grant expenditures were understated by \$6,816 and \$8,670 for the 2015 and 2016 fiscal years, respectively.
3. The Summer Food Service Program for Children expenditures were understated by \$6,129 for the 2015 fiscal year.
4. The English Language Acquisition State Grants expenditures were overstated by \$236 for the 2015 fiscal year.

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. . . ."

DELPHI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

Recommendation

We recommended that the School Corporation's management establish controls to prevent, or detect and correct, errors on the SEFA.

DELPHI COMMUNITY SCHOOL CORPORATION
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 2016-002

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2014-002.

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. There were no segregation of duties, as the School Corporation had not separated incompatible activities related to receipts. There were no controls to ensure that receipts were accurately receipted and recorded.

Context

The lack of adequate internal controls was a systemic issue throughout the audit period.

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 controls over receipts.

DELPHI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Effect

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

Recommendation

We recommended that the School Corporation establish a system of internal controls, including segregation of duties related to receipts.

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 - Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY2015, FY2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2014-003.

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the suspension and debarment requirements of the Procurement and Suspension and Debarment compliance requirement. The School Corporation had not established effective controls to ensure that vendors were not suspended or debarred or otherwise excluded from participation in federal assistance programs.

The School Corporation did not comply with the suspension and debarment requirements of the Procurement and Suspension and Debarment compliance requirement. The School Corporation did not perform any procedures to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period. The School Corporation did not perform any of the required procedures to ensure that vendors were not suspended or debarred.

Criteria

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

DELPHI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

"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). . . ."

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 you intend to do business is not excluded or disqualified.

You do this by:

- (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

The School Corporation had not developed a system of internal controls to ensure compliance with the suspension and debarment requirements of the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and 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 to ensure compliance and comply with 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.

DELPHI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

FINDING 2016-004

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY2015, FY2016

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Eligibility, Program Income, Reporting,
Special Test and Provisions - Verification of Free and
Reduced Price Applications (NSLP)

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2014-003.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the following compliance requirements: Cash Management, Eligibility, Program Income, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP).

Cash Management (School Breakfast Program and National School Lunch Program)

There were no controls in place to ensure that the School Lunch fund monthly cash balances (net cash resources) were limited to the three months average expenditures in accordance with the Cash Management compliance requirement.

Eligibility

There were no controls in place to ensure that the eligibility determinations for free and reduced price meals were accurate. One employee processed the applications for free and reduced price meals, which included determining eligibility, without oversight, review or approval, or other compensating control.

Program Income

There were no controls in place to ensure that program income was being computed and recorded properly prior to posting to the School Corporation's general ledger. One employee processed program income without oversight, review or approval, or other compensating control.

Reporting

There were no controls in place to ensure that required reports were complete and accurate prior to submission. One employee prepared and submitted the Annual Financial Reports, the School Food Authority (SFA) Verification Collection Reports, and the monthly Sponsor Claims (claims for reimbursement) without oversight, review or approval, or other compensating control.

DELPHI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

*Special Test and Provisions - Verification of Free and Reduced Price Applications (NSLP)
(School Breakfast Program and National School Lunch Program)*

There were no controls in place to ensure that the verifications of eligibility determinations for free and reduced price meals were accurate. One employee completed the verification process for all selected applications without oversight, review or approval, or other compensating control.

Context

The lack of effective controls 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. . . ."

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

The School Corporation's management had not developed a system of internal controls that segregated key functions.

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. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

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 requirements listed above.

DELPHI COMMUNITY SCHOOL CORPORATION
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 2016-005

Subject: Title I Grants to Local Educational Agencies - 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): 14-0755, 15-0755
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

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

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. The School Corporation had not established effective controls to ensure that program expenditures were in compliance with the Allowable Costs/Cost Principles requirements.

The School Corporation did not comply with the Allowable Costs/Cost Principles compliance requirement. Thirty percent of the biweekly salary and related benefits for the Elementary School Principal were paid from Title I funds for the 2015 school year. The Principal's contract was for a full-time/12-month Principal; there was no other contract for the Principal to provide Title I administrative duties. The total compensation and benefits paid to the Principal from Title I funds during the 2015 school year was \$28,347.

Context

The lack of controls and noncompliance were an isolated issue, which occurred during the 2015 school year.

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 A, Part C. states in part:

"1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

DELPHI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
- b. Be allocable to Federal awards under the provisions of this Circular. . . .
- j. Be adequately documented. . . ."

Title I Fiscal Handbook 2015-2016, *Basic Title I, Part A and D*, states in part:

"PAYMENT FOR ADMINISTRATIVE SALARIES

Salaries of superintendents, assistant superintendents, treasurers and 12 month/full-time principals and assistant principals are normally paid from general funds of the school corporation. Typically, these positions are covered by 12 month yearly contracts and cannot be reimbursed by Title I funds. Reimbursement for Title I services by these staff positions may be recouped by claiming Indirect Cost Expense based on the Indirect Cost Formula. The duties a principal takes on to serve as Title I Program Administrator may be additional to a principal's responsibilities, however, this situation presents a programmatic issue because IDOE questions whether an individual performing the duties of a full-time principal can also effectively carry out Title I administrative duties such as SWP, School Improvement, Parent Involvement, Non-public School Consultation, and Evaluation of Programs. Many of these activities need to be carried out during the day. Principals may receive payment for Title I work if it is outside of their contract. . . .

In such a case, a separate contract must be prepared with a description of services to be performed, dates and hours when services will be performed, location where services will be performed and the description of the number of teachers/students to be served (if applicable). The contract period will be after the end of the current year school contract. This contract cannot be paid until after the duties have been performed. The daily rate of the contract cannot exceed the daily rate of pay provided under the administrative contract for that individual during the school year."

Cause

The School Corporation had not developed a system of internal controls to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

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

Questioned Costs

Questioned costs of \$28,347 were identified, as detailed in the *Condition*.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Allowable Costs/Cost Principles compliance requirement.

DELPHI COMMUNITY SCHOOL CORPORATION
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 2016-006

Subject: Title I Grants to Local Educational Agencies - 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): 14-0755, 15-0755, 16-0755
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Repeat Finding

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

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Reporting compliance requirement.

The School Corporation had not established effective controls to ensure that required reports were accurate prior to submission. The Final Expenditure Report was prepared and submitted without a documented oversight, review, or approval process to ensure the accuracy of the information.

The School Corporation did not comply with the Reporting compliance requirement. The Final Expenditure Report for 2015 submitted to the Indiana Department of Education was understated by \$15,120.

Context

The lack of controls occurred throughout the entire audit period. The noncompliance was an isolated incident, which affected only the 2015 Final Expenditure Report.

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 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following
. . .

DELPHI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements . . .
- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

Cause

The School Corporation 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 enabled noncompliance to go undetected. Noncompliance with the grant agreement and 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 to ensure compliance and comply with the Reporting 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 2016-007

Subject: Title I Grants to Local Educational Agencies - Equipment,
Special Tests and Provisions - Schoolwide Programs
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): 14-0755, 15-0755, 16-0755
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Equipment and Real Property Management, Special
Tests and Provisions - Schoolwide Programs
Audit Finding: Material Weakness

Condition

The School Corporation had not established an effective internal control system related to the grant agreement, the equipment requirements of the Equipment and Real Property Management compliance requirement, and the Special Tests and Provisions - Schoolwide Programs compliance requirement.

DELPHI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Equipment

The School Corporation had not designed or implemented adequate policies and procedures to ensure that a detailed listing of all equipment purchased with Title I funds was maintained. One employee maintained the equipment inventory without oversight, review, or other compensating control.

Special Tests and Provisions - Schoolwide Programs

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the School Corporation met the requirements to operate a schoolwide program. There were no documented reviews of the comprehensive needs assessment, comprehensive plan, and annual evaluation and revision of the schoolwide plan or the component requirements for the schoolwide plan.

Context

The lack of controls 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. . . ."

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

The School Corporation had not developed a system of internal controls to ensure compliance with the equipment requirements of the Equipment and Real Property Management and the Special Tests and Provisions - Schoolwide Programs compliance requirements.

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. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

DELPHI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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 Equipment and Real Property Management and Special Tests and Provisions - Schoolwide Programs compliance requirements.

Views of Responsible Officials

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



DELPHI COMMUNITY SCHOOL CORPORATION

CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Allison J. Everett, Corporation Treasurer
Contact Phone Number: 765-564-2100 Ext 1002

Views of Responsible Official: We agree with the repeat finding identified

Description of Corrective Action Plan:

The current treasurer produces reports from the accounting program and enters information into Gateway. The superintendent verifies what is entered in to Gateway matches the information on the report to ensure all figures are accurate.

Anticipated Completion Date: Corrective action was taken after the 2014-2016 audit period.

FINDING 2016-002

Contact Person Responsible for Corrective Action: Allison J. Everett, Corporation Treasurer
Contact Phone Number: 765-564-2100 Ext 1002

Views of Responsible Official: We agree with the repeat finding identified

Description of Corrective Action Plan:

Current Corporation Treasurer receives notice of ACH deposit and records same as revenue in the accounting program. Checks and cash payments are received by the Secretary or Director of Operations via mail or personal delivery from patron. Secretary or Director of Operations gives checks to Treasurer for deposit. Deposit is created by Treasurer and verified by Secretary. Secretary or Director of Operations delivers deposit to the bank for processing. Cafeteria funds are deposited by each building cafeteria manager, verified by the Food Service Director and bank receipts along with daily Skyward reports are sent to the Corporation Treasurer for processing.

Anticipated Completion Date: Corrective action was taken after the 2014-2016 audit period

**501 Armory Road
DELPHI, INDIANA 46923
765-564-2100
Fax: 765-564-6919**



DELPHI COMMUNITY SCHOOL CORPORATION

FINDING 2016-003

Contact Person Responsible for Corrective Action: Allison J. Everett, Corporation Treasurer
Contact Phone Number: 765-564-2100 Ext 1002

Views of Responsible Official: We agree with the repeat finding identified

Description of Corrective Action Plan:

Bid forms that are sent to vendors include a verification to be signed by the vendor and notarized stating: "The undersigned bidder also swears that he has not been suspended or disbarred from providing products or services to government entities by the State or Federal Government." All vendors invited to bid are on the list of state approved vendors who have been awarded a state contract to provide services to school corporations.

Anticipated Completion Date: Corrective action was taken after the 2014-2016 audit period



DELPHI COMMUNITY SCHOOL CORPORATION

FINDING 2016-004

Contact Person Responsible for Corrective Action: Allison J. Everett, Corporation Treasurer
Contact Phone Number: 765-564-2100 Ext 1002

Views of Responsible Official: We agree with the repeat finding identified

Description of Corrective Action Plan:

Cash Management (School Breakfast Program and National School Lunch Program)

The current Corporation Treasurer maintains a cash flow record and updates it monthly. The cafeteria fund is monitored with a formula to ensure the balance in the fund does not exceed three month's average expenditures. All financial records are reviewed and approved by the Superintendent and Board of School Trustees monthly.

Eligibility

The current Food Service Director or her Assistant do an initial review of free and reduced applications to ensure eligibility determinations are accurate. Whomever did not do the initial review, provides a secondary verification. Both the Food Service Director and Assistant Food Service director initial applications as evidence of the dual control.

Program Income

Cafeteria funds are deposited daily by each building cafeteria manager. The Food Service Director receives bank receipts and compares them to daily Skyward reports. Receipts and reports are sent to the Corporation Treasurer for processing.

Reporting

The current Food Service Director or her Assistant prepares report submissions. Whomever does not do the preparation reviews the required reports and submissions.

Special Test and Provisions – Verification of Free and Reduced Price Applications (NSLP) (School Breakfast Program and National School Lunch Program)

The current Food Service Director or her Assistant do an initial review of free and reduced applications selected for verification to ensure eligibility determinations are accurate. Whomever did not do the initial review, provides a secondary verification. Both the Food Service Director and Assistant Food Service director initial applications as evidence of the dual control

Anticipated Completion Date: Corrective action was taken after the 2014-2016 audit period

501 Armory Road
DELPHI, INDIANA 46923
765-564-2100
Fax: 765-564-6919



DELPHI COMMUNITY SCHOOL CORPORATION

FINDING 2016-005

Contact Person Responsible for Corrective Action: Allison J. Everett, Corporation Treasurer
Contact Phone Number: 765-564-2100 Ext 1002

Views of Responsible Official: We agree with the repeat finding identified

Description of Corrective Action Plan:

The current treasurer works closely with the grant director to ensure all expenditures are in compliance with the Allowable Costs/Costs Principles requirement. The Grant Director is responsible for writing the grant and applying for the funds while the Treasurer ensures that expenditures are allowable based on the guidelines of the approved grants.

Anticipated Completion Date: Corrective action was taken after the 2014-2016 audit period

FINDING 2016-006

Contact Person Responsible for Corrective Action: Allison J. Everett, Corporation Treasurer
Contact Phone Number: 765-564-2100 Ext 1002

Views of Responsible Official: We agree with the repeat finding identified

Description of Corrective Action Plan:

The current treasurer works closely with the grant director to ensure all reporting is in compliance with the grant agreement and reporting requirement. The Treasurer prepares a report of all expenditures and the Grant Director ensures all information is correct. The Grant director enters the data for reimbursement. The Treasurer verifies information and submits report for reimbursement.

Anticipated Completion Date: Corrective action was taken after the 2014-2016 audit period



DELPHI COMMUNITY SCHOOL CORPORATION

FINDING 2016-007

Contact Person Responsible for Corrective Action: Allison J. Everett, Corporation Treasurer
Contact Phone Number: 765-564-2100 Ext 1002

Views of Responsible Official: We agree with the finding identified

Description of Corrective Action Plan:

The current treasurer works closely with the grant director to maintain an effective segregation of duties and internal control system which will ensure all compliance requirements are met and no funds are misused or mismanaged.

Anticipated Completion Date: Corrective action was taken after the 2014-2016 audit period.

Respectfully Submitted:

Allison J. Everett
(Signature)

Treasurer
(Title)

5/14/18
(Date)

DELPHI COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on May 14, 2018, with Steve Myer, President of the School Board; Kirk Schwartzkopf, School Board member; Neal Anderson, School Board member; Gregory G. Briles, Superintendent of Schools; and Allison Everett, Treasurer.