

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SOUTH BEND COMMUNITY SCHOOL CORPORATION

ST. JOSEPH COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED

06/28/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Robert M. Orlowski (Vacant) Dr. Katherine Turk	01-01-15 to 06-30-16 07-01-16 to 09-18-16 09-19-16 to 12-31-18
Superintendent of Schools	Carole L. Schmidt Dr. Kenneth Spells	07-01-15 to 06-30-16 07-01-16 to 06-30-19
President of the School Board	Jay Caponigro Stanley F. Wruble, III	01-01-15 to 12-31-16 01-01-17 to 12-31-18



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

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

TO: THE OFFICIALS OF THE SOUTH BEND COMMUNITY SCHOOL
CORPORATION, ST. JOSEPH COUNTY, INDIANA

This report is supplemental to our audit report of the South Bend Community School Corporation (School Corporation), for the period from July 1, 2015 to June 30, 2017. 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

June 21, 2018

SOUTH BEND COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS

FINDING 2017-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-001.

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 failed to properly review the federal grant information prepared and submitted in the Indiana Gateway for Government Units financial reporting system, which was the source of the SEFA. The system of oversight was not sufficient to detect and correct errors before submission. The SEFA presented for audit contained several immaterial errors.

Context

The lack of 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 had not established a system of internal control that would have ensured proper reporting of the SEFA.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA could have occurred and remained undetected.

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 2017-002

Subject: School Breakfast Program, National School Lunch Program - Allowable Costs/Cost Principles
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): SY 2015-2016, SY 2016-2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Modified Opinion

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 had not designed or implemented adequate internal controls to ensure that payroll disbursements were only for food service payroll recorded as food service operating costs. As a result, an employee from the Service Building department was paid incorrectly from the School Lunch fund during the audit period. This resulted in excess costs of \$61,444 during the audit period.

Context

The lack of controls was a systemic issue throughout the audit period. The noncompliance was isolated to the payroll disbursements for one employee. No additional employees were found to be paid from the School Lunch fund in error.

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. . . ."

SOUTH BEND COMMUNITY SCHOOL CORPORATION
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). . . ."

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:

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. . . ."

OMB Circular A-87, Attachment B, section 8h(4) states in part:

"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, . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .

(g) Be adequately documented. . . ."

Cause

The School Corporation's management had not designed or implemented effective internal controls that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Effect

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

Questioned Costs

Known questioned costs of \$61,444 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.

Views of Responsible Officials

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

FINDING 2017-003

Subject: School Breakfast Program, National School Lunch Program - 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): SY 2015-2016, SY 2016-2017
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. The prior audit finding number was 2015-002.

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Cash Management compliance requirement. The School Corporation failed to comply with the Cash Management compliance requirement that the net cash resources in the School Lunch fund should not exceed three months average expenditures for its nonprofit school food service program.

Context

The School Corporation's cash balance (net cash resources) of the food service program exceeded the three month average expenditures for 7 of the 24 months in the audit period. For the 2015-2016 school year, the average expenditures for three months was \$3,455,345; the cash balance exceeded that amount at the end of July 2015, August 2015, and June 2016. For the 2016-2017 school year, the average expenditures for three months was \$2,772,626; the cash balance exceeded that amount at the end of July 2016, August 2016, September 2016, and June 2017.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Criteria

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

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

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:

". . . . the School Food Authority 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

The School Corporation had not designed or implemented an effective internal control system to ensure compliance with the Cash Management compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended that the School Corporation's management establish an effective internal control system to ensure compliance and comply with 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.

FINDING 2017-004

Subject: Child Nutrition Cluster - Procurement

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): SY 2015-2016, SY 2016-2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

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 procurement requirements of the Procurement and Suspension and Debarment compliance requirement.

The School Corporation had not established internal controls to ensure that the purchasing method used complied with 2 CFR 200.320.

The School Corporation did not comply with the procurement requirements. The School Corporation did not obtain price or rate quotes from an adequate number of sources for purchases of goods or services exceeding \$3,500, which fell under the small purchase procedures. Quotes were not obtained for four small purchase transactions with four separate vendors tested, which totaled \$159,072. Bids were not obtained for purchases of over \$250,000 from a produce vendor in the 2016-2017 school year, which were subject to the bidding requirements.

Context

The lack of controls and noncompliance 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. . . ."

SOUTH BEND COMMUNITY SCHOOL CORPORATION
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). . . ."

2 CFR 200.319(a) states in part:

"All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. . . ."

2 CFR 200.320 states in part:

"The non-Federal entity must use one of the following methods of procurement.

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

(b) 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.

(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. . . ."

Cause

The School Corporation's management had not designed or implemented effective internal controls that would have ensured compliance with the procurement requirements of the Procurement and Suspension and Debarment compliance requirement.

Effect

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

SOUTH BEND 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 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.

FINDING 2017-005

Subject: Child Nutrition Cluster - Reporting

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.555, 10.553, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): SY 2015-2016, SY 2016-2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Other Matters

Condition

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

The School Corporation had not designed or implemented adequate policies and procedures to ensure the accurate completion of the School Food Authority (SFA) 2016-2017 Annual Financial Report. The report excluded federal reimbursements of \$1,825,763 received in the month of June 2017. As a result, the cash balance was understated on the report.

Context

The lack of controls was a systemic issue throughout the audit period. The noncompliance was an isolated incident, which applied only to the 2016-2017 Annual Financial 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. . . ."

SOUTH BEND COMMUNITY SCHOOL CORPORATION
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). . . ."

34 CFR 80.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . ."

2 CFR 200.302(b) states in part:

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

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

Cause

The School Corporation's management had not designed or implemented effective internal controls that would have ensured compliance with the grant agreement and the Reporting compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

SOUTH BEND COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

FINDING 2017-006

Subject: School Breakfast Program, National School Lunch Program - Program Income
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.555, 10.553
Federal Award Numbers and Years (or Other Identifying Numbers): SY 2015-2016, SY 2016-2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Program Income
Audit Finding: Material Weakness

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 Program Income compliance requirement.

The School Corporation had not implemented effective internal controls to ensure that program income was accounted for properly. Amounts were transferred from students' prepaid accounts into the School Lunch fund based on the monthly Websmart reports without proper oversight, review, or approval.

Context

The lack of controls was a systemic issue 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 designed or implemented effective internal controls to ensure compliance with the grant agreement and the Program Income compliance requirement.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
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 requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement 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 related to the grant agreement and the Program Income 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 2017-007

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles, Cash Management, Reporting
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): 14214-055-PN01, 14215-055-PN01,
14216-053-PN01, 14217-053-PN01,
99914-TA01, 45715-055-PN01,
45716-053-PN01, 45717-053-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Allowable Costs/Cost Principles, Cash Management, Reporting
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit regarding Cash Management and Reporting. The prior audit finding number was 2015-006.

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 Allowable Costs/Cost Principles, Cash Management, and Reporting compliance requirements.

The School Corporation had not designed or implemented adequate internal controls to ensure that employment contracts were retained for employees paid from grant funds. The School Corporation could not locate five contracts for the eight contracted employees tested. The amounts paid to those employees could not be verified to an approved contract; however, the amounts paid were reasonable based upon other contracts.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Based upon testing of hourly employees, the School Corporation incorrectly entered the pay rate for one hourly employee, which resulted in \$506 in excess costs recorded in the Special Education Fund. When that sample error was projected to the population as a whole, additional likely errors of \$70,796 were identified.

The School Corporation also had not established an effective internal control system to ensure that grant expenditures were adequately documented, that they were paid before they were included on a reimbursement request (report), and that the reimbursement requests were complete and accurate prior to submission.

Many expenditures charged to the Special Education Cluster (IDEA) programs were paid without adequate supporting documentation. Therefore, it could not be determined whether expenditures were allowable costs or whether they were paid prior to their inclusion on a reimbursement request. Also, the completeness and accuracy of the reimbursement requests (reports) could not be determined since not all expenditures included on the reports were properly documented.

Context

The lack of controls and failure to provide adequate supporting documentation for expenditures were systemic issues throughout the audit period.

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 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: . . .

- (g) Be adequately documented. . . ."

34 CFR 76.702 states: "A State and a subgrantee shall use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for Federal funds."

34 CFR 76.730 states:

"A State and a subgrantee shall keep records that fully show:

- (a) The amount of funds under the grant or subgrant;
- (b) How the State or subgrantee uses the funds;

SOUTH BEND COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

- (c) The total cost of the project;
- (d) The share of that cost provided from other sources; and
- (e) Other records to facilitate an effective audit."

34 CFR 76.731 states: "A State and a subgrantee shall keep records to show its compliance with program requirements."

2 CFR 200.302 states in part:

"(a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. . . .

(b) The financial management system of each non-Federal entity must provide for the following: . . .

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in § 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . .
- (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's management had not developed or implemented a system of internal controls to ensure that adequate supporting documentation for expenditures was maintained related to the Allowable Costs/Cost Principles, Cash Management, and Reporting compliance requirements.

Effect

The failure to establish an effective internal control system and failure to maintain and provide supporting documentation for expenditures prevented the determination of the School Corporation's compliance with the Allowable Costs/Cost Principles, Cash Management, and Reporting compliance requirements.

Questioned Costs

Known questioned costs of \$506 were identified as detailed in the *Condition*.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls to ensure that documentation is maintained and made available for audit related to the Allowable Costs/Cost Principles, Cash Management, and Reporting 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 2017-008

Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles, Cash Management, 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): 15-7205, 16-7205, 17-7205
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Allowable Costs/Cost Principles, Cash Management, Reporting
Audit Findings: Material Weakness, Modified Opinion

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, Cash Management, and Reporting compliance requirements.

The School Corporation had not designed or implemented adequate internal controls to ensure that employment contracts were retained for employees paid from grant funds. The School Corporation could not locate six contracts and one updated contract. The amounts paid to those employees could not be verified to an approved contract.

The School Corporation also had not established an effective internal control system to ensure that grant expenditures were adequately documented, that they were paid before they were included on a reimbursement request, and that the reimbursement requests were complete and accurate prior to submission.

Many expenditures charged to the Title I to Local Educational Agencies programs were paid without adequate supporting documentation. Therefore, it could not be determined whether expenditures were allowable costs or whether they were paid prior to inclusion on a reimbursement request. Also, the completeness and accuracy of the reimbursement requests could not be determined since not all expenditures included on the reimbursement requests were properly documented.

Context

The lack of controls and failure to provide adequate supporting documentation for expenditures were systemic issues throughout the audit period.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Criteria

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

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

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 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: . . .

(g) Be adequately documented. . . ."

34 CFR 76.702 states: "A State and a subgrantee shall use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for Federal funds."

34 CFR 76.730 states:

"A State and a subgrantee shall keep records that fully show:

- (a) The amount of funds under the grant or subgrant;
- (b) How the State or subgrantee uses the funds;
- (c) The total cost of the project;
- (d) The share of that cost provided from other sources; and
- (e) Other records to facilitate an effective audit."

34 CFR 80.20 states in part:

"(a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:

SOUTH BEND COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
 - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.
- (b) The financial management systems of other grantees and subgrantees must meet the following standards:
- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
 - (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. . . ."

2 CFR 200.302 states in part:

"(a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. . . .

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . .
- (3) Records that identify adequately the source and application of funds for federally-funded activities. . . ."

34 CFR 76.731 states: "A State and a subgrantee shall keep records to show its compliance with program requirements."

Cause

The School Corporation's management had not developed or implemented a system of internal controls to ensure that adequate supporting documentation for expenditures was maintained related to the Allowable Costs/Cost Principles, Cash Management, and Reporting compliance requirements.

Effect

The failure to establish an effective internal control system and failure to maintain and provide supporting documentation for expenditures prevented the determination of the School Corporation's compliance with the Allowable Costs/Cost Principles, Cash Management, and Reporting compliance requirements.

SOUTH BEND 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 to ensure that documentation is maintained and made available for audit related to the Allowable Costs/Cost Principles, Cash Management, and Reporting 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 2017-009

Subject: Title I Grants to Local Educational Agencies - Suspension and Debarment
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): 15-7205, 16-7205, 17-7205
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

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 requirements of the Procurement and Suspension and Debarment compliance requirement.

The School Corporation failed to comply with the suspension and debarment requirement which required that they verify that all vendors were not suspended or debarred or otherwise excluded from participation in federal assistance programs.

Context

The lack of controls and the noncompliance were systemic issues throughout the audit period.

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). . . ."

SOUTH BEND COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

2 CRF 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:

- (a) Checking the 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 had not developed a system of internal controls that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

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

FINDING 2017-010

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate

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): 15-7205, 16-7205, 17-205

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate

Audit Findings: Material Weakness, Other Matters

SOUTH BEND COMMUNITY SCHOOL CORPORATION
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 Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

The School Corporation had not established internal controls to ensure that written documentation was retained, which supported the student's removal from the high school cohort graduation rate for mobility reasons. The supporting documentation provided for seven of the forty students requested did not accurately support the reason why the student was no longer enrolled in the School Corporation.

Context

The lack of internal controls and noncompliance were systemic issues throughout the audit period.

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). . . ."

34 CFR 200.19(b) states in part:

"*High schools*—

- (1) *Graduation rate.* Consistent with paragraphs (b)(4) and (b)(5) of this section regarding reporting and determining AYP, respectively, each State must calculate a graduation rate, defined as follows, for all public high schools in the State:

- (i)(A) A State must calculate a 'four-year adjusted cohort graduation rate,' defined as the number of students who graduate in four years with a regular high school diploma divided by the number of students who form the adjusted cohort for that graduating class. . . .

- (ii) The term 'adjusted cohort' means the students who enter grade 9 (or the earliest high school grade) and any students who transfer into the cohort in grades 9 through 12 minus any students removed from the cohort.

- (A) The term 'students who transfer into the cohort' means the students who enroll after the beginning of the entering cohort's first year in high school, up to and including in grade 12.

- (B) To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

(1) To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. . . .

(2) *Transitional graduation rate.*

(i) Prior to the deadline in paragraph (b)(4)(ii)(A) of this section, a State must calculate graduation rate as defined in paragraph (b)(1) of this section or use, on a transitional basis—

(A) A graduation rate that measures the percentage of students from the beginning of high school who graduate with a regular high school diploma in the standard number or years; or . . .

(ii) For a transitional graduation rate calculated under paragraph (b)(2)(i) of this section—

(A) 'Regular high school diploma' has the same meaning as in paragraph (b)(1)(iv) of this section;

(B) 'Standard number of years' means four years unless a high school begins after ninth grade, in which case the standard number of years is the number of grades in the school; and

(C) A dropout may not be counted as a transfer. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of 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 Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Views of Responsible Officials

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

SOUTH BEND COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

FINDING 2017-011

Subject: Title I Grants to Local Educational Agencies - Eligibility
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): 16-7205, 17-7205
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Finding: Material Weakness

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 School Corporation did not have adequate controls in place to ensure the accuracy of the eligibility determinations. The determination of which schools were eligible for Title I support was made without a sufficient review of the supporting documentation.

Context

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

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). . . ."

Cause

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

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement 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.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls related to 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 2017-012

Subject: Head Start - Cash Management

Federal Agency: Department of Health and Human Services

Federal Program: Head Start

CFDA Number: 93.600

Federal Award Numbers and Years (or Other Identifying Numbers): 05CH842802, 05CH842803,
05CH842804, 05HP000701,
05HP000702

Compliance Requirement: Cash Management

Audit Findings: Material Weakness, Modified Opinion

Condition

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

The School Corporation had not implemented procedures to ensure compliance with the cash management requirement that expenditures must have been paid before the request for reimbursement was submitted. The School Corporation could not provide proper documentation to demonstrate that expenditures were paid before the reimbursement requests were submitted. Therefore, we were unable to determine the School Corporation's compliance with the Cash Management compliance requirement.

Context

The lack of controls and lack of adequate documentation 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. . . ."

SOUTH BEND COMMUNITY SCHOOL CORPORATION
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). . . ."

34 CFR 76.731 states: "A State and a subgrantee shall keep records to show its compliance with program requirements."

Cause

The School Corporation had not established an effective internal control structure that would have ensured that proper documentation was maintained and presented for audit related to the Cash Management compliance requirement.

Effect

The failure to establish an effective internal control system and failure to provide adequate documentation prevented the determination of the School Corporation's compliance with 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 that adequate documentation is maintained and available for audit to support its compliance with 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.



SOUTH BEND COMMUNITY SCHOOL CORPORATION

215 SOUTH DR.MARTIN LUTHER KING JR. BLVD.
SOUTH BEND, INDIANA 46601 (574) 393-6000

CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: Katherine Turk
Contact Phone Number: 574-393-6097

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

A new position within Finance Department will be created to manage the compliance and internal controls on all grants. This position will be responsible for review and approval of all aspects of grant spending. Additionally, the SEFA will be reviewed by this new position to check for errors and then sent to the Treasurer, who will review and submit the SEFA to Gateway. Crowe Horvath has completed its review of internal controls and risk assessment for the district, this report will be used to produce an internal controls manual. The internal controls manual will be produced with procedures for grant cycle management and allocation of duties with the new position that provides compliance and risk management checks for all grant funds.

Anticipated Completion Date:

December, 31 2018

(Signature)

Katherine G. Turk

(Title)

TREASURER

(Date)

June 19, 2018



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SOUTH BEND, INDIANA 46601 (574) 393-6000

CORRECTIVE ACTION PLAN

FINDING 2017-002 – Allowable Cost/Cost Principles

Contact Person Responsible for Corrective Action: Victoria Moore
Contact Phone Number: 574-393-6060

Views of Responsible Official:

We concur with the findings.

Description of Corrective Action Plan:

1. Work with Human Resources to understand all requisitions must include the Director of Food & Nutrition signature before an employee can be set up to be paid out of 080 fund.
2. Monthly the Food & Nutrition Department will review all payroll records for the 080 fund.
3. Quarterly get a list of employees assigned to the 080 fund to find discrepancies against our staffing list.
Have Human Resources provide Food & Nutrition a list with board approved salaries for Teacher stipends, Food Delivery Drivers, PPA's, CSA's, and Managers.

Anticipated Completion Date: This will be on-going monthly

Victoria A Moore
(Signature)

Director
(Title)

June 19, 2018
(Date)



SOUTH BEND COMMUNITY SCHOOL CORPORATION

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CORRECTIVE ACTION PLAN

FINDING 2017-003 – Cash Management

Contact Person Responsible for Corrective Action: Victoria Moore
Contact Phone Number: 574-393-6060

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

1. The Director will expand her expense summary report to include reimbursements and cash balances to provide an accurate monthly report.
2. Implementing a new POS system which will allow us to run reports in real time to track information.
3. Each month we will review our expense summary report and when needed make recommendations for improvement and purchases to the benefit of the Food & Nutrition Program

Anticipated Completion Date: This will be an on-going monthly procedure.

Victoria L Moore
(Signature)

Director
(Title)

June 19, 2018
(Date)



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CORRECTIVE ACTION PLAN

FINDING 2017-004 - Procurement

Contact Person Responsible for Corrective Action: Victoria Moore
Contact Phone Number: 574-393-6060

Views of Responsible Official:

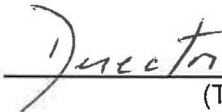
We concur with finding

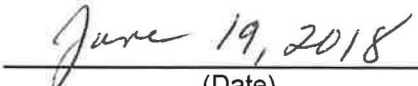
Description of Corrective Action Plan:

1. We will develop a form to document quotes received to include the company name, price, reason for purchase and list of items when purchasing products under \$3,500 dollars.
2. When buying produce the Procurement Supervisor will obtain and keep copies of vendor pricing list and notify managers as to the best source to purchase from.

Anticipated Completion Date: This will be on-going monthly for purchase of NSBP, NSLP and CACFP Programs


(Signature)


(Title)


(Date)



SOUTH BEND COMMUNITY SCHOOL CORPORATION

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SOUTH BEND, INDIANA 46601 (574) 393-6000

CORRECTIVE ACTION PLAN

FINDING 2017-005 - Reporting

Contact Person Responsible for Corrective Action: Victoria Moore
Contact Phone Number: 574-393-6060

Views of Responsible Official:
We concur with finding.

Description of Corrective Action Plan:

1. We will work with the Budget Department to insure all monies are accurately reported to the 080 fund by the end of June of each year. This process will ensure accurate currant and complete disclosure of financial results.

Anticipated Completion Date: August 2018

Victoria D Moore
(Signature)

Director
(Title)

June 19 2018
(Date)



SOUTH BEND COMMUNITY SCHOOL CORPORATION

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CORRECTIVE ACTION PLAN

FINDING 2017-006 Program Income

Contact Person Responsible for Corrective Action: Victoria Moore
Contact Phone Number: 574-393-6060

Views of Responsible Official:

We concur with the finding

Description of Corrective Action Plan:

1. With the implementation of our new POS system we have been ensured that all pre-paid money will be accounted for and access pre-payment information based on student, school and day.
2. With the new POS system it is less likely that the wrong information will be used.
3. To ensure that the monies have been properly transferred Food & Nutrition will receive a copy of the pre-paid transfers.

Anticipated Completion Date: This will be on-going monthly

Victoria L Moore
(Signature)

Director
(Title)

June 19, 2018
(Date)



SOUTH BEND COMMUNITY SCHOOL CORPORATION

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CORRECTIVE ACTION PLAN

FINDING 2017 -007 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: MATTHEW JOHNS

Contact Phone Number: 574-393-6119

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

We will require documentation of all salary amounts contracted and validate amounts disbursed each pay period.

Special Ed Director, budget coord. and assist. will meet first of each month to review and revise planned expenditures.

Will meet with corp. budget dept to assure that expenditures and reimbursements are timely.

Documentation will be reviewed each quarter to verify accuracy. Errors/discrepancies will be corrected and validated with whatever dept is necessary.

Anticipated Completion Date:

Since this will involve several other departments, implementation will rely on our persistence and others cooperation; we anticipate completion by October 2018.

(Signature)

Director, Special Education Services

(Title)

June 20, 2018

(Date)



SOUTH BEND COMMUNITY SCHOOL CORPORATION

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SOUTH BEND, INDIANA 46601 (574) 393-6000

CORRECTIVE ACTION PLAN

FINDING 2017-008 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Darice Austin-Phillips
Contact Phone Number: 574-393-6051

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

The Human Resource Department will maintain all certified staff contracts and make available for review a minimum of five years on site.

The Reimbursement back up information has been addressed and a correction action written in a Desktop Monitoring through the IDOE and started March of 2017. Specific detailed back up information is saved and available upon request in the Budget Supervisors office.

Anticipated Completion Date: This process will start August 1, 2018


(Signature)

Director of Federally Funded Programs
(Title)

June 20, 2018
(Date)



SOUTH BEND COMMUNITY SCHOOL CORPORATION

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SOUTH BEND, INDIANA 46601 (574) 393-6000

CORRECTIVE ACTION PLAN

FINDING 2017-009 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Darice Austin-Phillips
Contact Phone Number: 574-393-6051

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

Title I department will make sure that in all Title I contracts there will be a paragraph ensuring that the vendor has not been suspended or debarred by the Federal Government.

In addition, the corporation's Purchasing Agent will request a document, certifying the vendor has not been suspended or disbarred by the Federal Government for all vendors paid from a federal grant. This document will be filed with the vendor's W-9. The vendor will be required to notify SBCSC in writing if their status changes.

Anticipated Completion Date: This process will start June 20, 2018, 2018


(Signature)

Director of Federally Funded Programs
(Title)

June 20, 2018
(Date)



SOUTH BEND COMMUNITY SCHOOL CORPORATION

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SOUTH BEND, INDIANA 46601 (574) 393-6000

CORRECTIVE ACTION PLAN

FINDING 2017-010 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Darice Austin-Phillips
Contact Phone Number: 574-393-6051

Views of Responsible Official: We concur with the findings

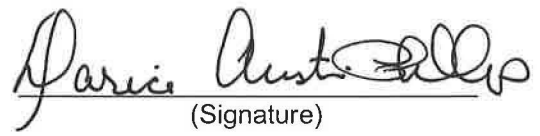
Description of Corrective Action Plan:

Procedure for Withdrawing Students from all SBCSC High Schools

Anytime a parent requests that a student withdraw from John Adams High School, the following steps must be followed. If a parent is not requesting a transfer, the principal will complete an exit interview. All transfers will follow this procedure. (Please also see the procedure for processing no shows.)

1. Only the principal is allowed to sign the withdrawal form. If the principal is not available, an assistant principal may sign the withdrawal form and immediately email it to the principal.
2. Prior to signing the withdrawal form, the principal will speak with the parents and student to gather any information that may help the school understand why a withdrawal is necessary. Once this conversation has happened, the principal will advise the parent and student.
3. If it is determined that the student will transfer, the signed withdrawal form will be filed in a binder based on class cohort. For example, all students scheduled to graduate in the spring of 2017 will be filed with the 2017 cohort. The principal must determine the name and contact information for the receiving school.
4. It is the responsibility of the data technician to manage these cohorts by checking Learning Connection weekly. If discrepancies are visible in Learning Connection, a data technician will contact the SBCSC Department of Research and Evaluation and the IDOE.
5. The secretary of student management will forward any requests for records to the data technician to file with the student's withdrawal paperwork. **(We must have a request for records for every student withdrawing from SBCSC.)**
6. The data technician will follow up regarding any student with whom we did not receive a request for records for within one week of the withdrawal. The data technician will contact the receiving school and parent to locate the records request.
7. The data technician will continue to locate a request for records weekly until the request is received by SBCSC.

Anticipated Completion Date: This process will start August, 2018


(Signature)

Director of Federally Funded Programs
(Title)

June 20, 2018



SOUTH BEND COMMUNITY SCHOOL CORPORATION

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SOUTH BEND, INDIANA 46601 (574) 393-6000

CORRECTIVE ACTION PLAN

FINDING 2017-011 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Darice Austin-Phillips
Contact Phone Number: 574-393-6051

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: In the past the Title department relied on the September student count, and the Food and Nutrition Data, however, the data did not always match the state data. The Title I department decided to use the IDOE Compass to determine school eligibility. This process started with the upcoming 2017-2018 Title I grant.

Anticipated Completion Date: May, 2018


(Signature)

Director of Federally Funded Programs
(Title)

June 20, 2018
(Date)



SOUTH BEND COMMUNITY SCHOOL CORPORATION

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SOUTH BEND, INDIANA 46601 (574) 393-6000

CORRECTIVE ACTION PLAN

Finding: 2017-012

Federal Award Numbers and Years (or Other Identifying Numbers): 05CH8420802, 05CH842803, 05CH842804, 05HP000701, 05HP000702

Dr. Kathy L. Guajardo
(574) 283-8128

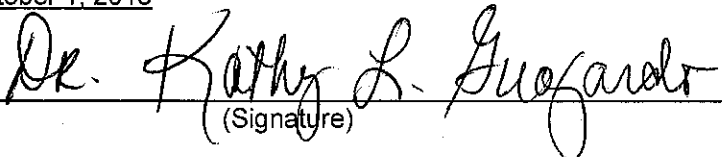
Views of the Responsible Official:

We will agree to the findings as indicated in the report. We will comply to the Corrective Action Plan as outlined below.

Description of Corrective Action Plan:

1. Review and revise current cash management policies and procedures;
2. Obtain Approval of the revise policies and procedures (Board of Directors and Policy Council);
3. Training staff, board of directors and policy council on revise polices and procedures (Executive Director and Fiscal Staff);
4. Implement revise polices and procedures (Executive Director and Fiscal Staff);
5. Evaluate the effectiveness of the revise polices and procedures (Executive Director and Board of Directors); and
6. Implement changes based on the evaluation, if applicable (Executive Director and Fiscal Staff)

Anticipated Completion Date: October 1, 2018



(Signature)

Executive Director, Elkhart and St. Joseph Counties Head Start Consortium
(Title)

June 20, 2018
(Date)

SOUTH BEND COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on June 21, 2018, with Dr. Kenneth Spells, Superintendent of Schools; Dr. Katherine Turk, Treasurer; Stanley F. Wruble, III, President of the School Board; Leslie Ann Wesley, School Board member; and Dawn Jones, School Board member.