

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

JOHN GLENN SCHOOL CORPORATION

ST. JOSEPH COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED

07/19/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Federal Findings:	
Finding 2017-001	
Financial Transactions and Reporting	4-5
Finding 2017-002	
Child Nutrition Cluster - Internal Controls	5-7
Finding 2017-003	
Child Nutrition Cluster - Allowable Costs/Cost Principles, Program Income	7-12
Finding 2017-004	
Child Nutrition Cluster - Procurement	12-15
Corrective Action Plan.....	16-19
Exit Conference.....	20

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Thomas L. Bendy	07-01-15 to 06-30-18
Superintendent of Schools	Richard M. Reese	07-01-15 to 06-30-19
President of the School Board	Curt Pletcher Robert A. Borlik Jeff Johnson Janice Ryan	01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE JOHN GLENN SCHOOL
CORPORATION, ST. JOSEPH COUNTY, INDIANA

This report is supplemental to our audit report of the John Glenn 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 29, 2018

JOHN GLENN SCHOOL CORPORATION
FEDERAL FINDINGS

FINDING 2017-001

Subject: Financial Transactions and Reporting
Audit Finding: Significant Deficiency

Repeat Finding

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

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting of receipts, disbursements, and federal expenditures on the Schedule of Expenditures of Federal Awards (SEFA).

Receipts

The School Corporation did not have controls in place to ensure that collections were receipted and recorded at the time of the transaction.

Disbursements

The School Corporation did not have controls in place to ensure that transfers between funds were properly recorded in the records as receipts and disbursements.

SEFA

The School Corporation failed to properly document a review of the federal grant information prepared and reported in the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source for the SEFA. One employee prepared the grant information for the federal awards and submitted it in Gateway without a documented review.

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.

JOHN GLENN SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

Management of the School Corporation had not established a proper system of internal control over financial transactions and reporting of receipts, disbursements, and federal expenditures.

Effect

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

Recommendation

We recommended that the School Corporation establish a system of internal controls related to financial transactions and reporting of receipts, disbursements, and federal expenditures.

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: 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): FY 15-16, FY 16-17

Pass-Through Entity: Indiana Department of Education

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

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

JOHN GLENN SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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

The School Corporation had not designed or implemented adequate internal controls to ensure that the School Lunch fund monthly cash balances (net cash resources) were limited to three months average expenditures in compliance with cash management requirements. There was no oversight or review of the calculations or monitoring of the cash balances.

Eligibility (School Breakfast Program and National School Lunch Program only)

The School Corporation did not have documented controls in place to ensure that students' eligibility statuses entered into the computer software were tested, verified, and reviewed. One individual determined eligibility without a documented review.

Reporting

The School Corporation had not designed or implemented adequate internal controls to ensure that required reports were complete and accurate prior to submission. One employee prepared and submitted the following reports without any documented oversight, review, or approval: the Annual Financial Report, the Sponsor Claim Summary Report, and the School Food Authority (SFA) Verification Collection Report.

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

The School Corporation had not designed or implemented adequate internal controls to ensure that verifications of free and reduced price applications and any necessary changes to students' eligibility statuses were accurate. One employee performed the verification of applications and entered the changes to student accounts without evidence of oversight or review.

Special Tests and Provisions - Paid Lunch Equity (National School Lunch Program only)

The School Corporation had not implemented adequately documented internal controls to ensure the accuracy of the paid lunch equity calculation. Two employees performed the paid lunch equity calculations using the online calculator tool; however, the calculations and subsequent review were not documented.

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. . . ."

JOHN GLENN 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). . . ."

Cause

The School Corporation's management had not implemented an adequate system of internal controls that would ensure compliance with the compliance requirements listed above.

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 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 effective internal controls to ensure compliance with the grant agreement and the Cash Management, Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

Views of Responsible Officials

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

FINDING 2017-003

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles, Program Income

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): FY 15-16, FY 16-17

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Allowable Costs/Cost Principles, Program Income

Audit Findings: Material Weakness, Modified Opinion

JOHN GLENN 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 Allowable Costs/Costs Principles and Program Income compliance requirements.

Allowable Costs/Cost Principles

The School Corporation had not designed or implemented adequate internal controls to ensure that payroll disbursements were only for food service operating costs, that the supporting documentation agreed with the payroll disbursements recorded as food service operating costs, that the calculation of indirect costs charged to the program were accurate, and that program income was deducted from allowable costs to determine net allowable costs of the programs.

Based upon the payroll operating costs tested, the School Corporation included percentages and rates of administrative and custodial salaries and wages as food service operating costs in the School Lunch fund. This compensation, which was not supported by time cards which related to food service operations, totaled \$1,734. When projected to the population as a whole, additional likely errors of \$24,119 were identified.

There were disbursements which were posted to the wrong account and object code, from which the indirect costs were based for the 2015-2016 and 2016-2017 school years.

Disbursements which totaled \$1,655 were incorrectly recorded in the 2013-2014 school year from which the 2015-2016 school year indirect cost rate was derived. Disbursements which totaled \$4,250 were incorrectly recorded in the 2014-2015 school year from which the 2016-2017 school year indirect cost rate was derived.

Program Income

The School Corporation had not designed or implemented adequate internal controls to ensure that program income was properly accounted for. There were no controls to ensure that meal sales amounts collected, deposited, and receipted agreed to the number of paid meals served to ensure that program income was accurate.

For all months tested, the program income amounts posted to the ledger did not agree to the Sales and Participation Report that detailed the number of meals served and total sales.

In addition, program income was added to the program budget rather than being deducted from total allowable costs to determine the net allowable costs.

Context

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

JOHN GLENN 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). . . ."

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

"Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation. . . ."

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

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

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. . . ."

JOHN GLENN SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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. . . ."

2 CFR 200.404 states in part:

"A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to:

- (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award. . . ."

OMB Circular A-87, Attachment E, part C and 2 CFR 200, Appendix VII, part C states in part:

"1. General.

- (a) Where a governmental unit's department or agency has only one major function, or where all its major functions benefit from the indirect costs to approximately the same degree, the allocation of indirect costs and the computation of an indirect cost rate may be accomplished through simplified allocation procedures as described in subsection 2.
- (b) Where a governmental unit's department or agency has several major functions which benefit from its indirect costs in varying degrees, the allocation of indirect costs may require the accumulation of such costs into separate cost groupings which then are allocated individually to benefitted functions by means of a base which best measures the relative degree of benefit. The indirect costs allocated to each function are then distributed to individual awards and other activities included in that function by means of an indirect cost rate(s).
- (c) Specific methods for allocating indirect costs and computing indirect cost rates along with the conditions under which each method should be used are described in subsections 2, 3 and 4. . . ."

2 CFR 200.416 states in part:

". . . (b) Individual operating agencies (governmental department or agency), normally charge Federal awards for indirect costs through an indirect cost rate. A separate indirect cost rate(s) proposal for each operating agency is usually necessary to claim indirect costs under Federal awards. Indirect costs include:

JOHN GLENN SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

- (1) The indirect costs originating in each department or agency of the governmental unit carrying out Federal awards and
- (2) The costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

(c) The requirements for development and submission of cost allocation plans (for central service costs and public assistance programs) and indirect cost rate proposals are contained in appendices IV, V and VI to this part."

7 CFR 210.2 states in part:

". . . *Nonprofit school food service* means all food service operations conducted by the school food authority principally for the benefit of schoolchildren, all of the revenue from which is used solely for the operation or improvement of such food services. . . ."

7 CFR 210.14(a) states:

"*Nonprofit school food service*. School food authorities shall maintain a nonprofit school food service. Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, *except that*, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings. Expenditures of nonprofit school food service revenues shall be in accordance with the financial management system established by the State agency under § 210.19(a) of this part. School food authorities may use facilities, equipment, and personnel supported with nonprofit school food revenues to support a nonprofit nutrition program for the elderly, including a program funded under the Older Americans Act of 1965 (42 U.S.C. 3001 *et seq.*)"

7 CFR 220.2 states in part:

". . . Nonprofit school food service means all food service operations conducted by the School Food Authority principally for the benefit of school children, all of the revenue from which is used solely for the operation or improvement of such food service. . . ."

7 CFR 220.13(i) states:

"Each State agency, or FNS where applicable, shall establish a financial management system under which School Food Authorities shall account for all revenues and expenditures of their nonprofit school food service. The system shall prescribe the allowability of nonprofit school food service expenditures in accordance with this part and 7 CFR part 3015, and 7 CFR part 3016 or 7 CFR part 3019, as applicable. The system shall permit determination of school food service net cash resources, and shall include any criteria for approval of net cash resources in excess of three months average expenditures. In addition, School Food Authorities shall be required to account separately for other food services which are operated by the School Food Authority."

2 CFR 200.307 states in part: . . .

"(e) *Use of program income*. If the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award, or give prior approval for how program income is to be used, paragraph (e)(1) of this section must apply. For Federal awards made to IHEs and nonprofit research institutions, if the Federal awarding agency does not specify in

JOHN GLENN SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

its regulations or the terms and conditions of the Federal award how program income is to be used, paragraph (e)(2) of this section must apply. In specifying alternatives to paragraphs (e)(1) and (2) of this section, the Federal awarding agency may distinguish between income earned by the recipient and income earned by subrecipients and between the sources, kinds, or amounts of income. When the Federal awarding agency authorizes the approaches in paragraphs (e)(2) and (3) of this section, program income in excess of any amounts specified must also be deducted from expenditures.

- (1) *Deduction.* Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Program income that the non-Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project. . . ."

Cause

The School Corporation's management had not designed or implemented internal controls which would have ensured compliance with the Allowable Costs/Cost Principles and Program Income compliance requirements of the programs.

Effect

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

Questioned Costs

Known questioned costs of \$1,734 were identified as detailed in the *Condition*.

Recommendation

We recommended that the School Corporation establish effective controls to ensure compliance and comply with the Allowable Costs/Cost Principles and Program Income 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 2017-004

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): FY 15-16, FY 16-17

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

JOHN GLENN 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 the grant agreement and the procurement requirements of the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not have internal controls in place to ensure that the purchasing methods used complied with 2 CFR 200.320.

The School Corporation did not comply with the procurement requirements. The School Corporation did not obtain quotes for purchases of produce or maintenance services exceeding \$3,500, which fell under the small purchases procurement requirement.

Context

The lack of controls and the 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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.320 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. Micropurchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

JOHN GLENN SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

(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. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply.

(1) In order for sealed bidding to be feasible, the following conditions should be present:

(i) A complete, adequate, and realistic specification or purchase description is available;

(ii) Two or more responsible bidders are willing and able to compete effectively for the business; and

(iii) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

(2) If sealed bids are used, the following requirements apply:

(i) Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;

(ii) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;

(iii) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;

(iv) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

(v) Any or all bids may be rejected if there is a sound documented reason. . . ."

Cause

The School Corporation's management had not established controls which would have ensured compliance with the grant agreement and the procurement requirements.

JOHN GLENN 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 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 grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

John Glenn School Corporation

101 John Glenn Drive, Walkerton, IN 46574
Phone: (574) 586-3129 Fax: (574) 586-2660
www.jgsc.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: Thomas L. Bendy
Contact Phone Number: 574-586-3129

Views of Responsible Official: We concur with this finding.

Description of Corrective Action Plan:

Receipts: Collections received at the corporation office will be receipted and recorded at the time of the transaction. Collections received and deposited by the building level treasurer for the corporation's books will be recorded after they have been reviewed by the Head ECA Treasurer for accuracy and sent to the corporation office for the Treasurer's review.


Disbursements: When recording prepaid lunch transfers at the end of the month, a check will be issued by the Deputy Treasurer and then receipted and deposited back into the corporation account by the Treasurer.

SEFA: The Treasurer will have the Deputy Treasurer review the SEFA prior to submission into Gateway.

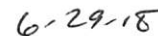
Anticipated Completion Date: July 2018



(Signature)



(Title)



(Date)

John Glenn School Corporation

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Phone: (574) 586-3129 Fax: (574) 586-2660

www.jgsc.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2017-002

Contact Person Responsible for Corrective Action: Thomas L. Bendy

Contact Phone Number: 574-586-3129

Views of Responsible Official: We concur with this finding.

Description of Corrective Action Plan:

Cash Management: The Treasurer and Deputy Treasurer will review the School Lunch fund balance as part of the monthly School Lunch reports prepared. The corporation will review methods on bringing a high balance into compliance.


Eligibility: Applications are approved in the buildings and reviewed in the corporation office. The Administrative Assistant will randomly sample at least five applications for each building.

Reporting: The Annual Financial Report, Sponsor Claim Summary Report, and School Food Authority Verification Collection Report will be prepared in the corporation office and reviewed by the Food Service Director.

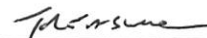
Special Tests – Verification of Free and Reduced Applications: The mandatory verification of applications will be done at the corporation office. Necessary changes to student's eligibility status will be sent to the Food Service Director, who will change the status in the student accounts. The changes the Food Service Director makes will be verified by the building level treasurers.

Special Tests – Paid Lunch Equity: The calculations and review of the PLE will be documented.

Anticipated Completion Date: July 2018



(Signature)



(Title)



(Date)

John Glenn School Corporation

101 John Glenn Drive, Walkerton, IN 46574

Phone: (574) 586-3129 Fax: (574) 586-2660

www.jgsc.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2017-003

Contact Person Responsible for Corrective Action: Thomas L. Bendy

Contact Phone Number: 574-586-3129

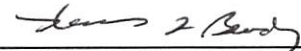
Views of Responsible Official: We concur with this finding.

Description of Corrective Action Plan:


Allowable Costs / Cost Principles: The corporation will no longer pay any Administrative or Custodial Salaries or Wages out of the School Lunch Fund.

Program Income: The Treasurer will review with the Food Service Director the internal controls for all components of the food service program, including the reporting of sales and participation, collections, deposits, account adjustments, and receipt processes.


Anticipated Completion Date: August 2018



(Signature)



(Title)



(Date)

John Glenn School Corporation

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CORRECTIVE ACTION PLAN

FINDING 2017-004

Contact Person Responsible for Corrective Action: Thomas L. Bendy
Contact Phone Number: 574-586-3129

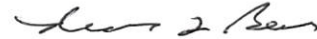
Views of Responsible Official: We concur with this finding.

Description of Corrective Action Plan:

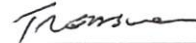
The NIESC school lunch bid awards will be approved by the School Board of Trustees.

The Food Service Director and Building Director will be responsible for purchasing produce or maintenance services in the corporation outside of the approved bids from NIESC. When required, they will receive quotes for any purchase that exceeds the \$3,500 threshold for small procurement requirements.

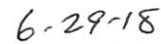
Anticipated Completion Date: July 2018



(Signature)



(Title)



(Date)

JOHN GLENN SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on June 29, 2018, with Thomas L. Bendy, Treasurer; Richard M. Reese, Superintendent of Schools; and Janice Ryan, President of the School Board.