

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CULVER COMMUNITY SCHOOL CORPORATION

MARSHALL COUNTY, INDIANA

July 1, 2015 to June 30, 2017



**FILED**  
08/09/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Casey Howard	07-01-15 to 06-30-19
Superintendent of Schools	Dr. Vicki McGuire Charles I. Kitchell (interim) Karen Shuman	07-01-15 to 12-21-15 12-22-15 to 06-30-17 07-01-17 to 06-30-20
President of the School Board	Ken VanDePutte James M. Wentzel Mark Maes Jack L. Jones	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



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TO: THE OFFICIALS OF THE CULVER COMMUNITY SCHOOL  
CORPORATION, MARSHALL COUNTY, INDIANA

This report is supplemental to our audit report of the Culver 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 and Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Corrective Action Plan for the Federal Findings and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

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

July 12, 2018

CULVER COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS

***FINDING 2017-001***

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

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 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 had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source for the SEFA. One employee prepared the SEFA without evidence of a review or approval process, or other compensating control.

*Context*

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

1. The School Breakfast Program expenditures were overstated by \$1,027 and understated by \$649 for the 2016 and 2017 fiscal years, respectively.
2. The National School Lunch Program expenditures were understated by \$30,312 and \$42,621 for the 2016 and 2017 fiscal years, respectively.
3. The Summer Food Service Program for Children expenditures were omitted in the amounts of \$29,106 and \$19,479 for the 2016 and 2017 fiscal years, respectively.
4. The Career and Technical Education -- Basic Grants to States expenditures were omitted in the amounts of \$4,578 and \$4,578 for the 2016 and 2017 fiscal years, respectively.
5. The Medical Assistance Program expenditures were omitted in the amounts of \$11,895 and \$12,263 for the 2016 and 2017 fiscal years, respectively.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

CULVER COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

"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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.

CULVER COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*Cause*

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

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

*Recommendation*

We recommended that the School Corporation establish a system of internal controls to ensure that federal expenditures will be properly reported on 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: Financial Transactions and Reporting  
Audit Findings: Material Weakness, Noncompliance

*Repeat Finding*

This is a repeat finding from the immediately prior audit related to cash and investments, receipts, and payroll disbursements. The prior audit finding number was 2015-002.

*Condition*

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to cash and investments, receipts, payroll disbursements, and financial reporting.

*Cash and Investments*

The School Corporation had implemented controls related to the bank reconciliations; however, the controls were not effective.

CULVER COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Receipts*

One employee posted receipts to the financial accounting system with no review or oversight.

*Payroll Disbursements*

One employee processed payroll with no review or oversight to ensure that employees were paid from the proper funds.

*Financial Reporting*

The School Corporation had implemented controls for financial reporting, but they were not effective in preventing errors. Bonds were issued in the name of the holding corporation in 2015, but they were included on the School Corporation's financial reports in error. This resulted in over reporting the Construction 2015 fund balances by \$981,999 and \$688,124 as of June 30, 2016 and 2017, respectively.

Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement.

*Context*

The lack of effective internal controls and noncompliance were systemic issues 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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

CULVER COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

*Cause*

Management of the School Corporation had not established a proper system of internal controls that segregated key functions.

*Effect*

The failure to establish and properly implement controls enabled material noncompliance related to the financial statement to remain undetected. The financial statement contained the errors identified in the *Condition*.

*Recommendation*

We recommended that the School Corporation establish a system of internal controls related to cash and investments, receipts, payroll disbursements, and financial reporting.

*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: Title I Grants to Local Educational Agencies - Reporting, Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals, Special Tests and Provisions - Annual Report Card, High School Graduation Rate, Special Tests and Provisions - Assessment System Security

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): 15-5455, 16-5455, S010A150014

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Reporting, Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals, Special Tests and Provisions - Annual Report Card, High School Graduation Rate, Special Tests and Provisions - Assessment System Security

Audit Finding: Material Weakness

CULVER COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Repeat Finding*

This is a repeat finding from the immediately prior audit regarding reporting. The prior audit finding number was 2015-003.

*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, Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals, Special Tests and Provisions - Annual Report Card, High School Graduation Rate, and Special Tests and Provisions - Assessment System Security compliance requirements.

*Reporting*

The Annual Financial Report was prepared and submitted by one employee with no review or oversight.

*Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals*

The School Corporation had no oversight or review procedures to ensure employees hired as paraprofessionals had obtained their high school diploma or recognized equivalent.

*Special Tests and Provisions - Annual Report Card, High School Graduation Rate*

The guidance secretary removed students from the cohort with no review or oversight.

*Special Tests and Provisions - Assessment System Security*

The School Corporation had not established effective controls to determine that all individuals who came into contact with any tests administered under the Indiana Assessment System were properly trained.

*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:

CULVER COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

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

*Cause*

The School Corporation's management had not developed a system of internal controls to 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 the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

*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 compliance requirements listed above.

*Views of Responsible Officials*

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

**FINDING 2017-004**

Subject: Child Nutrition Cluster - Cash Management, Eligibility, Program Income, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program, 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 Requirements: Cash Management, Eligibility, Program Income, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Audit Finding: Material Weakness

CULVER 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 Cash Management, Eligibility, Program Income, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

*Cash Management* (School Breakfast Program, National School Lunch Program)

The School Corporation had not established procedures to monitor the School Lunch fund monthly cash balances (net cash resources) to ensure that they were limited to three months average expenditures. There was no documentation of a monitoring process over the School Lunch fund cash balances (net cash resources).

*Eligibility* (School Breakfast Program, National School Lunch Program)

The School Corporation used a food service software which automatically made the eligibility determinations dependent upon the information entered into the software. One employee processed the applications for free and reduced price meals, without a proper system of oversight or review.

*Program Income* (School Breakfast Program, National School Lunch Program)

The School Corporation had not established controls to ensure that receipts generated from the cafeteria sales were properly recorded. One employee recorded meal sales receipts to the School Lunch fund without an oversight or process.

*Reporting*

One employee was responsible for processing and submitting the grant reports including the monthly Sponsor Claims (claims for reimbursement), Annual Financial Report, and the School Food Authority (SFA) Verification Collection Reports without a review or oversight process.

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

Two employees processed the Verification of Free and Reduced Price Applications independently without a review or oversight of each other's work.

*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. . . ."

CULVER 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). . . ."

*Cause*

Management had not developed a system of internal controls to 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 the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls related to the grant agreement and the compliance requirements listed above.

*Views of Responsible Officials*

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

# Culver Community Schools Corporation

*Karen Shuman, Superintendent*

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Aubbeenaubbee Township – Fulton County  
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Union Township – Marshall County

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## CORRECTIVE ACTION PLAN

### **FINDING 2017-001**

**Subject: Preparation of the Schedule of Expenditure of Federal Awards**

**Findings: Material Weakness, Noncompliance**

Fiscal Year In Which the Finding Occurred: 15-16 and 16-17

Contact Person Responsible for Corrective Action: Casey Howard

Contact Phone Number: 574-842-3364

#### Description of Corrective Action Plan:

Treasurer will complete the Schedule of Expenditures of Federal Awards (SEFA). After completion but before submission the part-time Deputy Treasurer will review. After completion and review but before submission the Superintendent will approve.

Future submission of SEFA will include the School Breakfast Program, National School Lunch Program, Summer Food Service Program, Career and Technical Education and the Medical Assistance Program correctly.

#### Views of the Responsible Official:

We concur with the findings.

Anticipated Completion Date: August 2018

# Culver Community Schools Corporation

*Karen Shuman, Superintendent*

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## CORRECTIVE ACTION PLAN

### **FINDING 2017-002**

**Subject: Financial Transactions and Reporting**

**Findings: Material Weakness, Noncompliance**

Fiscal Year In Which the Finding Occurred: 15-16 and 16-17

Contact Person Responsible for Corrective Action: Casey Howard

Contact Phone Number: 574-842-3364

#### Description of Corrective Action Plan:

Receipts - The Secretary will receive all checks/cash, the Secretary will give checks/cash to Treasurer for review. Treasurer will give all checks/cash to the Secretary to prepare for actual bank deposit. The Treasurer will review deposit and initial approval for submission to local bank. After the Secretary submits deposits to bank the Treasurer will enter as receipts into financial software. After submitted into financial software the Secretary and/or part-time Deputy Treasurer and/or Superintendent will review.

Payroll Disbursements – Treasurer will process payroll and the School Board of Trustees will review that employees were paid from the proper funds.

Cash and Investments - The Treasurer balances monthly bank statements to financial software and creates monthly reports for the Board of Trustees. Prior to submitting financial statements and reports the Secretary will review and approve. The Board of Trustees will also approve in the following board meeting.

Financial Reporting – The Treasurer balances monthly bank statements to financial software and creates monthly reports for the Board of Trustees. Prior to submitting financial statements and reports the Secretary and part-time Deputy Treasurer will review and approve. The Board of Trustees will also approve in the following board meeting. Bonds have since been removed from the School's financial reports per Resolution 2018-02.

#### Views of the Responsible Official:

We concur with the findings.

Anticipated Completion Date: August 2018

# Culver Community Schools Corporation

*Karen Shuman, Superintendent*

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## CORRECTIVE ACTION PLAN

### **FINDING 2017-003**

**Subject: Title I Grants to Local Educational Agencies – Reporting, Special Tests and Provisions – Highly Qualified Teachers and Paraprofessionals, Special Tests and Provisions – Annual Report Card, High School Graduation Rate, Special Tests and Provisions – Assessment System Security**

**Findings: Material Weakness**

Fiscal Year In Which the Finding Occurred: 15-16 and 16-17

Contact Person Responsible for Corrective Action: Casey Howard

Contact Phone Number: 574-842-3364

Description of Corrective Action Plan:

Title I Grants to Local Educational Agencies-Reporting - The annual financial report is submitted by the Title I Coordinator. The Treasurer creates all financials requested by the Title I Coordinator. The Title I Coordinator will create the annual report and the Superintendent will review and approve. The Title I Coordinator will then submit the annual financial report.

Special Tests and Provisions-Highly Qualified Teachers and Paraprofessionals – Principals will determine if staff are highly qualified and/or a paraprofessional. Secretary will confirm our staff are highly qualified teachers and/or paraprofessionals with proper documentation upon hiring.

Special Tests and Provisions-Annual Report Card, High School Graduation Rate – The Guidance Secretary may remove students from the cohort with documented review from the Guidance Counselor and Principal.

Special Tests and Provisions-Assessment System Security – Principals will have the employees provide the training with the training material provided by the Title I Coordinator. The Title I Coordinator and Principals will have all Certified Staff sign attendance roster for all trainings.

Views of the Responsible Official:

We concur with the findings.

Anticipated Completion Date: August 2018

# Culver Community Schools Corporation

*Karen Shuman, Superintendent*

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## CORRECTIVE ACTION PLAN

### **FINDING 2017-004**

**Subject: Child Nutrition Cluster-Cash Management, Eligibility, Program Income, Reporting, Special Tests and Provisions-Verification of Free and Reduced-Price Applications (NSLP)**

**Findings: Material Weakness**

Fiscal Year In Which the Finding Occurred: 15-16 and 16-17

Contact Person Responsible for Corrective Action: Casey Howard

Contact Phone Number: 574-842-3364

Description of Corrective Action Plan:

Child Nutrition Cluster-Cash Management – The Food Service Director will monitor the School Lunch fund monthly cash balances to ensure that we are limited to three months average expenditures. The Food Service Director will then send to Treasurer for review.

Child Nutrition Cluster-Eligibility – Along with using the food service software which automatically made the eligibility determinations dependent upon the information entered in the software the Food Service Director along with the ECA Treasurers will review the eligibility determinations with proper documentation.

Child Nutrition Cluster-Program Income – After the ECA Treasurers provide the monthly meal counts the Treasurer will enter as a receipt into financial software. After submitted into financial software the Secretary and/or part-time Deputy Treasurer and/or Superintendent will review.

Child Nutrition Cluster-Reporting – The Middle/High School ECA Treasurer will create the Monthly Sponsor Claims and the School Food Authority (SFA) Verification Collection Reports with review by the Food Service Director before submission. The Middle/High School ECA Treasurer and the Food Service Director will create the Annual Financial Report with review by the Corporation Treasurer before submission.

Special Tests and Provisions-Verification of Free and Reduced-Price Applications (NSLP) – Each ECA Treasurer will process the Verification of Free and Reduced Applications with review by the Food Service Director.

Views of the Responsible Official:

We concur with the findings.

Anticipated Completion Date: August 2018

CULVER COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

***ADOPTION AND TRAINING OF INTERNAL CONTROL STANDARDS***

The School Corporation failed to adopt minimum internal control standards and procedures by June 30, 2016, as required. They also did not provide the required training relevant to the minimum internal control standards in a timely manner.

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

***CERTIFICATION ON INTERNAL CONTROL STANDARDS***

The School Corporation certified on the Indiana Gateway for Government Units financial reporting system that the School Corporation had adopted the minimum internal control standards. However, the School Corporation has not adopted the minimum internal control standards.

Indiana Code 5-11-1-27(h) states:

"After June 30, 2016, the fiscal officer of a political subdivision shall certify in writing that:

- (1) the minimum internal control standards and procedures defined under subsection (e) have been adopted by the political subdivision; and
- (2) personnel, who are not otherwise on leave status, have received training as required by subsection (g)(2).

The certification shall be filed with the state board of accounts at the same time as the annual financial report required by section 4(a) of this chapter is filed. The certification shall be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

CULVER COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on July 12, 2018, with Casey Howard, Treasurer; Karen Shuman, Superintendent of Schools; Jack L. Jones, President of the School Board; William Sonnemaker, School Board member; and Gretchen Johnson, Food Service Director.