

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SCHOOL TOWN OF SPEEDWAY

MARION COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
11/16/2018

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|--|--|
| Treasurer | Nancy M. Johnson | 01-01-15 to 12-31-18 |
| Superintendent of Schools | Kenneth Hull | 07-01-15 to 12-31-21 |
| President of the School Board | Laura Daghey Debra Gonzalez Dr. Terry E. Reed Luke Bickel | 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

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF THE SCHOOL TOWN OF SPEEDWAY, MARION COUNTY, INDIANA

This report is supplemental to our audit report of the School Town of Speedway (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/.

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Result and Comment 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 Result and Comment contained herein describe the identified reportable instance 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 Result and Comment, incorporated within this report, were not verified for accuracy.

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

October 10, 2018

SCHOOL TOWN OF SPEEDWAY
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 report. 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 federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's SEFA. The Treasurer prepared the federal award information entered into Gateway without a control in place to prevent, or detect and correct, errors prior to submission.

Context

The SEFA contained the following errors:

1. Expenditures for the Child Nutrition Cluster in the amount of \$632,312 and \$680,058 were omitted from the SEFA for the years ended June 30, 2016, and June 30, 2017, respectively.
2. Program names, pass-through entities, identifying numbers, and CFDA numbers were not always accurate.

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

Criteria

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

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

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

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

SCHOOL TOWN OF SPEEDWAY
FEDERAL FINDINGS
(Continued)

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.
- (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*.

SCHOOL TOWN OF SPEEDWAY
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls related to the preparation of the SEFA.

Views of Responsible Officials

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

FINDING 2017-002

Subject: Title I Grants to Local Educational Agencies - Reporting
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers (or Other Identifying Numbers): 15-5400, 16-5400, 17-5400
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2015-002.

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. Annual Expenditure Reports were prepared by one individual without an oversight, review, and approval process.

Context

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

SCHOOL TOWN OF SPEEDWAY
FEDERAL FINDINGS
(Continued)

Cause

Management had not developed an effective internal control system that would have ensured compliance with the Reporting 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 Reporting compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

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 - Cash Management
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 (or Other Identifying Numbers): FY 2016, FY 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 report. 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 Cash Management compliance requirement.

The School Corporation had not established controls to verify if cash resources exceeded three months average expenditures, including an oversight, review, or approval process.

SCHOOL TOWN OF SPEEDWAY
FEDERAL FINDINGS
(Continued)

Context

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

7 CFR 210.14(b) states: "*Net cash resources*. The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall . . . with respect to participating schools under its jurisdiction: . . .

- (iv) Limit its net cash resources to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; . . . "

Cause

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

Effect

The failure to establish controls placed the School Corporation in noncompliance with the grant agreement and the Cash Management compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

SCHOOL TOWN OF SPEEDWAY
FEDERAL FINDINGS
(Continued)

Views of Responsible Officials

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

FINDING 2017-004

Subject: Child Nutrition Cluster - 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 (or Other Identifying Numbers): FY 2016, FY 2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Program Income

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 Program Income compliance requirement.

The School Corporation had not designed or implemented adequate controls to ensure program income was correctly recorded. There were no comparisons or reviews of total daily, weekly, or monthly program income from meals served reports to ensure only income for meals served was recorded as program income. No point-of-sale reports were presented for audit which had accurately reflected the charged price per paid lunch.

The School Corporation allowed individuals to prepay for food service. These prepayments were recorded monthly as program income rather than using actual meals served as the basis of program income.

Context

The lack of controls and noncompliance were system issue, which occurred 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). . . ."

SCHOOL TOWN OF SPEEDWAY
FEDERAL FINDINGS
(Continued)

7 CFR 210.14(c) states:

"Financial assurances. The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

7 CFR 210.14(f)(3) states: "All revenue from the sale of nonprogram foods shall accrue to the nonprofit school food service account of a participating school food authority."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall enter into a written agreement with the State agency or the Department through the FNSRO, as applicable, which may be amended as necessary. . . . Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction: . . .

- (12) Maintain a financial management system as prescribed by the State agency, or FNSRO where applicable; . . ."

Clearing Account Number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 with 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614 series) in the School Lunch Fund. The transfer should be made periodically and at the end of each month to appropriately classify meals (breakfast, lunch, etc.) when known (charged by student). (The School Administrator and Uniform Compliance Guidelines, September 2015)

Cause

Management had not developed a system of internal control that would have ensured compliance with the Program Income compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

SCHOOL TOWN OF SPEEDWAY
FEDERAL FINDINGS
(Continued)

FINDING 2017-005

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers (or Other Identifying Numbers): FY 2016, FY 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 requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not require that an adequate number of quotes or bids be obtained for small purchases with estimated costs above \$3,500. Seven procurements of like-kind items examined, which exceeded \$3,500 annually, were made without an adequate number of price or rate quotations being obtained.

Context

The lack of controls and noncompliance were systemic issues, which occurred 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 200.320 states in part:

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

(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. . . ."

SCHOOL TOWN OF SPEEDWAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 placed the School Corporation in non-compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the 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 2017-006

Subject: Child Nutrition Cluster - 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
CFDA Numbers: 10.553, 10.555
Federal Award Numbers (or Other Identifying Numbers): FY 2016, FY 2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting, Special Tests and Provisions - Verification
of Free and Reduced Price Applications (NSLP)
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 Reporting compliance requirement and Special Tests and Provisions - Verification of Free and Reduced Price Applications compliance requirements.

Verification Summary Reports were prepared by one individual without an oversight, review, or approval process.

Verification of free and reduced price applications were performed by one individual without an oversight, review, or approval process for all verifications performed.

SCHOOL TOWN OF SPEEDWAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The lack of controls was a system issue, which occurred 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 established a system of internal controls that would have ensured compliance with the grant agreement and the Reporting and Special Tests and Provisions - Verification of Free and Reduced Price Applications compliance requirements.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

SPEEDWAY PUBLIC SCHOOLS

5335 West 25th Street
SPEEDWAY, IN 46224

BOARD OF TRUSTEES

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Member

MR. WILLIAM B. HARTING
Member

CORRECTIVE ACTION PLAN

FINDING 2017-001 PREPARATION OF THE SEFA

Contact Person Responsible for Corrective Action: Nancy M. Johnson, Treasurer

Contact Phone Number: (317) 244-0236

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

1. Future SEFA forms will include the Child Nutrition Cluster
2. Program names will be updated

Anticipated Completion Date: Will be updated with the AFR filed for the 2018-19 School year in July, 2019

ADMINISTRATION

KENNETH E. HULL
Superintendent
of Schools

KYLE N. TREBLEY
Assistant
Superintendent

JOHN W. DIZNEY
Assistant
Superintendent

LUCAS W. ZARTMAN
Principal
Howard J. Lacy II
Speedway High School

RICK C. ROSEBROUGH
Principal
Speedway Junior
High School

M. ELIZABETH SNAPP
Principal
Carl G. Fisher
Elementary School


LANCE E. SCHNAUS
Principal
Arthur C. Newby
Elementary School

JAY L. BEDWELL
Principal
James A. Allison
Elementary School

BRENDA L. WOLFE
Principal
Frank H. Wheeler
Elementary School

ANDREA L. McINTOSH
Director of Exceptional
Learners
Carl G. Fisher
Elementary School

TRENTON S. BOROM
Director of Student
Services
Howard J. Lacy II
Speedway High School



(Signature)

Corporation Treasurer

(Title)

September 26, 2018

(Date)

SPEEDWAY PUBLIC SCHOOLS

5335 West 25th Street
SPEEDWAY, IN 46224

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Member

MR. WILLIAM B. HARTING
Member

CORRECTIVE ACTION PLAN

FINDING 2017-002 TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES - REPORTING

Contact Person Responsible for Corrective Action: Nancy M. Johnson, Treasurer

Contact Phone Number: (317) 244-0236

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

1. Final Expenditure reports for Title I will be approved by the School Corporation Treasurer and the Director of Exceptional Learners or the Superintendent of Schools, by either signature or email.

Anticipated Completion Date: Corrective Action was completed on August 15, 2018 and Approved by IDOE on August 17, 2018. Corrective Action could not have been completed earlier than this date, as the next Title I final expenditure report was not due until July 31, 2018, and this finding was not issued until August, 2017 for the period of 2013 – 2015.

ADMINISTRATION

KENNETH E. HULL
Superintendent
of Schools

KYLE N. TREBLEY
Assistant
Superintendent

JOHN W. DIZNEY
Assistant
Superintendent

LUCAS W. ZARTMAN
Principal
Howard J. Lacy II
Speedway High School

RICK C. ROSEBROUGH
Principal
Speedway Junior
High School

M. ELIZABETH SNAPP
Principal
Carl G. Fisher
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Frank H. Wheeler
Elementary School

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Director of Exceptional
Learners
Carl G. Fisher
Elementary School

TRENTON S. BOROM
Director of Student
Services
Howard J. Lacy II
Speedway High School



(Signature)

Corporation Treasurer

(Title)

September 26, 2018

(Date)

SPEEDWAY PUBLIC SCHOOLS

5335 West 25th Street
SPEEDWAY, IN 46224

BOARD OF TRUSTEES

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Vice President

MR. THOMAS M. SMITH
Secretary

MRS. DEBRA L. GONZALES
Member

MR. WILLIAM B. HARTING
Member

CORRECTIVE ACTION PLAN

ADMINISTRATION

KENNETH E. HULL
Superintendent
of Schools

KYLE N. TREBLEY
Assistant
Superintendent

JOHN W. DIZNEY
Assistant
Superintendent

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Director of Exceptional
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Carl G. Fisher
Elementary School

TRENTON S. BOROM
Director of Student
Services
Howard J. Lacy II
Speedway High School

FINDING 2017-003 CHILD NUTRITION CLUSTER – CASH MANAGEMENT

Contact Person Responsible for Corrective Action: Kenneth E. Hull, Superintendent

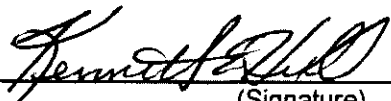
Contact Phone Number: (317) 244-0236

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

1. The School Corporation will 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 with 210.19(a)

Anticipated Completion Date: Corrective Action was completed with the 2017-18 school year. Corrective Action could not have been completed earlier than this date, as this finding was not issued until August, 2017 for the period of 2013 – 2015.



(Signature)

Superintendent

(Title)

September 26, 2018

(Date)

SPEEDWAY PUBLIC SCHOOLS

5335 West 25th Street
SPEEDWAY, IN 46224

BOARD OF TRUSTEES

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President

MRS. LAURA B. DAGHE
Vice President

MR. THOMAS M. SMITH
Secretary

MRS. DEBRA L. GONZALES
Member

MR. WILLIAM B. HARTING
Member

CORRECTIVE ACTION PLAN

FINDING 2017-004 CHILD NUTRITION CLUSTER – PROGRAM INCOME

Contact Person Responsible for Corrective Action: Kenneth E. Hull, Superintendent

Contact Phone Number: (317) 244-0236

ADMINISTRATION

KENNETH E. HULL
Superintendent
of Schools

Views of Responsible Official: We concur with the finding

KYLE N. TREBLEY
Assistant
Superintendent

Description of Corrective Action Plan:

1. The School Corporation will establish Clearing Account 8400 for Prepaid School Food and transfers will be made at the end of each month.

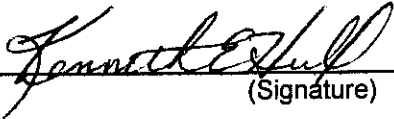
JOHN W. DIZNEY
Assistant
Superintendent

Anticipated Completion Date: Immediately

LUCAS W. ZARTMAN
Principal
Howard J. Lacy II
Speedway High School

RICK C. ROSEBROUGH
Principal
Speedway Junior
High School

M. ELIZABETH SNAPP
Principal
Carl G. Fisher
Elementary School


(Signature)

Superintendent

(Title)

LANCE E. SCHNAUS
Principal
Arthur C. Newby
Elementary School

September 26, 2018

(Date)

JAY L. BEDWELL
Principal
James A. Allison
Elementary School

BRENDA L. WOLFE
Principal
Frank H. Wheeler
Elementary School

ANDREA L. McINTOSH
Director of Exceptional
Learners
Carl G. Fisher
Elementary School

TRENTON S. BOROM
Director of Student
Services
Howard J. Lacy II
Speedway High School

SPEEDWAY PUBLIC SCHOOLS

5335 West 25th Street
SPEEDWAY, IN 46224

BOARD OF TRUSTEES

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President

MRS. LAURA B. DAGHE
Vice President

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Secretary

MRS. DEBRA L. GONZALES
Member

MR. WILLIAM B. HARTING
Member

CORRECTIVE ACTION PLAN

FINDING 2017-005 CHILD NUTRITION CLUSTER - PROCUREMENT

ADMINISTRATION

KENNETH E. HULL
Superintendent
of Schools

KYLE N. TREBLEY
Assistant
Superintendent

JOHN W. DIZNEY
Assistant
Superintendent

LUCAS W. ZARTMAN
Principal
Howard J. Lacy II
Speedway High School

RICK C. ROSEBROUGH
Principal
Speedway Junior
High School

M. ELIZABETH SNAPP
Principal
Carl G. Fisher
Elementary School

LANCE E. SCHNAUS
Principal
Arthur C. Newby
Elementary School

JAY L. BEDWELL
Principal
James A. Allison
Elementary School

BRENDA L. WOLFE
Principal
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TRENTON S. BOROM
Director of Student
Services
Howard J. Lacy II
Speedway High School

Contact Person Responsible for Corrective Action: Kenneth E. Hull, Superintendent

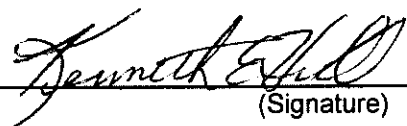
Contact Phone Number: (317) 244-0236

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

1. The School Corporation will follow the procurement standards for the Child Nutrition Cluster

Anticipated Completion Date: Immediately



(Signature)

Superintendent

(Title)

September 26, 2018

(Date)

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Secretary

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Member

MR. WILLIAM B. HARTING
Member

CORRECTIVE ACTION PLAN

FINDING 2017-006 – REPORTING & SPECIAL TESTS & PROVISIONS: VERIFICATION OF FREE AND REDUCED PRICE APPLICATIONS

Contact Person Responsible for Corrective Action: Kenneth E. Hull

Contact Phone Number: (317) 244-0236

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

1. The School Corporation will establish effective internal controls in the Verification of Free and Reduced Price Applications

Anticipated Completion Date: Immediately

ADMINISTRATION

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Superintendent
of Schools

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Assistant
Superintendent

JOHN W. DIZNEY
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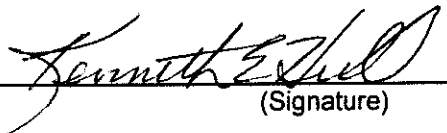
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(Signature)

Superintendent

(Title)

September 26, 2018

(Date)

SCHOOL TOWN OF SPEEDWAY
AUDIT RESULT AND COMMENT

PREPAID SCHOOL MEAL ACCOUNTS

A similar comment appeared in the prior Report B48770.

The entire amount of adult and student prepaid food advance deposits were recognized in the School Lunch Fund, Fund 800, at the end of each month. The School Corporation had not established Fund 8400 - Prepaid Food to account for advance deposits made to individual student and adult prepaid food accounts. As a result, revenue was recognized in advance of being earned, as the deposits were always recognized in the same month in which the monies were received, and there was not an overall grand total cash balance maintained for adult and student prepaid meal deposits.

Money a student puts into their individual meal account should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while it is in the student's individual account the balance should not be included in Fund 800 School Lunch. Our recommendation is that you set up a clearing account with the fund number of 8400. Our suggestion is when a student brings in a deposit the receipt would be recorded to fund 8400 using receipt account number 1630. Periodically, after the student has charged meals, you should disburse the amount charged from 8400 using expenditure account 31900 and receipt it into fund 800 using receipt accounts 1611-1623. At this point it is considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis the balance of the 8400 fund should be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, September 2015)

SCHOOL TOWN OF SPEEDWAY
EXIT CONFERENCE

The contents of this report were discussed on October 10, 2018, with Nancy Johnson, Treasurer; Luke Bickel, President of the School Board; Ken Hull, Superintendent of Schools; John Dizney, Assistant Superintendent of Schools; and Kyle Trebley, Assistant Superintendent of Schools.