

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

NORTH CENTRAL PARKE COMMUNITY
SCHOOL CORPORATION
PARKE COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
11/21/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Vonessia Harmon	01-01-14 to 12-31-18
Superintendent of Schools	Dr. Thomas W. Rohr	01-01-14 to 12-31-18
President of the School Board	P. Scott Ramsay	01-01-14 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE NORTH CENTRAL PARKE COMMUNITY
SCHOOL CORPORATION, PARKE COUNTY, INDIANA

This report is supplemental to our audit report of the North Central Parke Community School Corporation (School Corporation), for the period from July 1, 2014 to June 30, 2016. It has been provided as a separate report so that the reader may easily identify any Federal Findings 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 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

October 11, 2018

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS

FINDING 2016-001

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Comparability
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-6375, 15-6375, 16-6375
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Comparability
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 Special Tests and Provisions - Comparability compliance requirement.

The School Corporation did not comply with the comparability requirement that it adopt policies to ensure equivalence among schools. No such equivalency policies were presented for audit.

Context

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

Criteria

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

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

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). . . ."

Elementary and Secondary Education Act, Part A, Subpart 1, Section 1120A states in part:

"(c) COMPARABILITY OF SERVICES- . . .

(2) WRITTEN ASSURANCE-

(A) EQUIVALENCE- A local educational agency shall be considered to have met the requirements of paragraph (1) if such agency has filed with the State educational agency a written assurance that such agency has established and implemented--

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

- (i) a local educational agency-wide salary schedule;
- (ii) a policy to ensure equivalence among schools in teachers, administrators, and other staff; and
- (iii) a policy to ensure equivalence among schools in the provision of curriculum materials and instructional supplies."

Cause

The School Corporation had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Special Tests and Provisions - Comparability compliance requirement.

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 Special Tests and Provisions - Comparability compliance requirement.

Views of Responsible Officials

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

FINDING 2016-002

Subject: Title I Grants to Local Educational Agencies - 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): 14-6375, 15-6375, 16-6375

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Assessment System Security

Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Special Tests and Provisions - Assessment System Security compliance requirement.

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

The School Corporation was required to properly implement policies and procedures regarding the security of tests. The Indiana Assessment Program Manual specifically identifies 17 elements that should be included in the policy. The School Corporation's policy was missing 3 of those elements.

Context

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

Criteria

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

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

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). . . ."

Indiana Assessment Program Manual, Chapter 13, Section 9, Part D states in part:

"Every school corporation, public school, charter school, accredited nonpublic school, Choice school, or other test administration location that administers tests under the Indiana Assessment System **MUST** have a locally developed written test security policy. The test security policy developed by the entity should:

Specify that secure test materials should not be delivered to school buildings more than one week (preferably less) in advance of test administration;

Specify that teachers and other school staff members are not allowed access to secure materials (except for the Examiner's Manual) more than 24 hours in advance of test administration; and

Describe the entity's plan for ensuring the security of assessment materials during testing and storage of all secure assessment materials before, during, and after testing. All test materials should be stored at a central location under lock and key.

Locally developed written test security policies should include, but not be limited to, the following: . . .

8. Provide any other information and professional development necessary to ensure that all appropriate staff have the knowledge and skills necessary to make ethical decisions related to preparing students for an assessment, administering the assessment, and interpreting the results from assessment. . . .

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

16. Establish procedures for investigating any complaint, allegation, or concern about inappropriate testing practices, and ensuring protection of both the rights of individuals and of the integrity of the assessment.

17. Investigate any complaint of inappropriate testing practices or testing irregularities according to the *Protocol for Reporting and Investigating Alleged Breaches or Irregularities* as established and published pursuant to 511 IAC 5-5-4 (see *Appendix B*)."

Cause

The School Corporation had not developed a system of internal controls that would have ensured that all the requirements were included in the written testing policy related to the Special Tests and Provisions - Assessment System Security compliance requirement.

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 Special Tests and Provisions - Assessment System Security compliance requirement.

Views of Responsible Officials

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

FINDING 2016-003

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

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 14-6375, 15-6375

Pass-Through Entity: Indiana Department of Education

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

Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

The School Corporation had not established internal controls to ensure that proper written documentation was retained, which supported the student's removal from high school cohort graduation rate for mobility reasons.

Proper documentation for a transfer would have consisted of either a signed transcript request on the receiving school's letterhead, or a signed acknowledgement of enrollment on the receiving school's letterhead. Such documentation was not retained by Rockville High School to support the mobility status for one transfer student selected for testing.

Context

The lack of controls was a systemic issue throughout the audit period. The noncompliance was isolated to one transfer student for whom documentation to support the mobility status was not retained by Rockville High School.

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). . . ."

34 CFR 200.19(b) states in part:

"High schools—

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

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

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

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
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(Continued)

- (A) The term 'students who transfer into the cohort' means the students who enroll after the beginning of the entering cohort's first year in high school, up to and including in grade 12.
- (B) To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased.
 - (1) To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. . . .

(2) *Transitional graduation rate.*

- (i) Prior to the deadline in paragraph (b)(4)(ii)(A) of this section, a State must calculate graduation rate as defined in paragraph (b)(1) of this section or use, on a transitional basis—
 - (A) A graduation rate that measures the percentage of students from the beginning of high school who graduate with a regular high school diploma in the standard number or years; or . . .
- (ii) For a transitional graduation rate calculated under paragraph (b)(2)(i) of this section—
 - (A) 'Regular high school diploma' has the same meaning as in paragraph (b)(1)(iv) of this section;
 - (B) 'Standard number of years' means four years unless a high school begins after ninth grade, in which case the standard number of years is the number of grades in the school; and
 - (C) A dropout may not be counted as a transfer. . . ."

Cause

The School Corporation's management had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement 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.

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Views of Responsible Officials

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

FINDING 2016-004

Subject: Child Nutrition Cluster - Eligibility
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY2015, FY2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Findings: Material Weakness, Modified Opinion

Condition

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

The School Corporation had not established effective controls to ensure that proper notification was given to households when completing an annual application and benefits were discontinued when the period of eligibility expired.

The School Corporation was unable to provide evidence that they complied with the Eligibility requirements regarding notifications given to households when completing an annual application and if benefits were discontinued when the period of eligibility expired. Letters to households and other eligibility information were not presented for audit.

Context

The lack of controls and lack of documentation regarding compliance 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:

NORTH CENTRAL PARKE 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). . . ."

7 CFR 245.6(c)(6) states in part: . . .

"Notice of approval--(i) Income applications. The local educational agency must notify the household of the children's eligibility and provide the eligible children the benefits to which they are entitled within 10 operating days of receiving the application from the household. . . ."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

Cause

The School Corporation had not developed a system of internal controls to ensure that documentation was maintained and made available for audit related to compliance with the Eligibility compliance requirement.

Effect

The failure to retain or provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Eligibility compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure that documentation will be maintained and made available for audit related to the Eligibility compliance requirement.

Views of Responsible Officials

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

North Central Parke Community School Corporation
Building Bridges to the Future

Thomas W. Rohr, Ph. D.
Superintendent

1497 E State Road 47
Marshall, IN 47859
Phone (765) 597-2750
Fax (765) 597-2755

10/10/2018

CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Vonessia Harmon, Treasurer
Contact Phone Number: 765-597-2751

Views of Responsible Official:

We concur with the findings.

Description of Corrective Action Plan:

North Central Parke Community School Corporation will adopt a policy in compliance with Elementary and Secondary Education Act, Part A, Subpart 1, Section 1120A in regards to Comparability of Services.

North Central Parke Community School Corporation will also adopt a system of internal controls (as follows) to ensure compliance and that proper documentation is maintained.

Carmen Branson, Title I Director, will ensure all compliance regulations are met and proper documentation is maintained. At the completion/submission of each Title I reporting requirement, Carmen Branson will submit a complete copy (with supporting documentation) to Vonessia Harmon, Corporation Treasurer. Vonessia will review such documentation and maintain a Title I file at the Administrative Office.

In addition to Title I planning meetings, Vonessia Harmon & Carmen Branson will meet twice per year to go over all Title I regulations, reporting requirements and supporting documentation for the past 6 month period. A checklist will be reviewed and placed in the Title I file at both the school and Corp. office; signed & dated by both Vonessia & Carmen. This review process will ensure that the records are being maintained and properly reported as per the grant agreement.

Anticipated Completion Date: Policy will be Adopted at the next available School Board Meeting; 11/15/2018. First meeting with Vonessia & Carmen will take place February 2019.

FINDING 2016-002

Contact Person Responsible for Corrective Action: Vonessia Harmon, Treasurer
Contact Phone Number: 765-597-2751

Views of Responsible Official:

We concur with the findings

Description of Corrective Action Plan:

The North Central Parke Testing Coordinator, Rebecca Cory, has added the missing 3 requirements to the Testing Policies & Procedures manual, and the North Central Parke Testing Policies and Procedures manual will be adopted by the North Central Parke Community School Board at our next meeting on 10/25/2018.

Anticipated Completion Date: 10/25/2018

FINDING 2016-003

Contact Person Responsible for Corrective Action: Dr. Thomas Rohr, Superintendent
Contact Phone Number: 765-597-2752

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

Dr. Thomas Rohr, Superintendent, will discuss with the 4 building Principals, the proper documentation required for students being removed/transferred out of the School Corporation.

The School Principal must ensure that they have official written documentation that the student enrolled in another school or in an education program that culminates in the award of a regular High School Diploma.

The School Guidance Counselor will review such written documentation to ensure compliance with 34 CFR 200.19(b). The School Guidance Counselor will file the documentation in the student's permanent file.

Anticipated Completion Date: Effective Immediately, 10/10/2018

FINDING 2016-004

Contact Person Responsible for Corrective Action: Janet Lindley, Director of Food Services

Contact Phone Number: 765-569-4195

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

While notification letters were sent out within the required time frame, proper documentation of those letters was lost due to a change in Harmony computer systems over the summer in 2018. It clear that we cannot rely solely on the computer system to provide past records; so we must also keep hard copy documentation on file for audit purposes.

Effective immediately, the Free & Reduced notification letters generated in Harmony will also be printed and maintained in a file to ensure such supporting documents are retained for the required period.

Anticipated Completion Date: Effective Immediately, 10/10/18

Vonessa A. Clamon
(Signature)

Thomas W. Roke
(Signature)

Corp. Treasurer
(Title)

Superintendent
(Title)

10-10-2018
(Date)

10-10-2018
(Date)

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

TRAINING ON INTERNAL CONTROL STANDARDS

The School Corporation did not train all personnel concerning the internal control standards.

Indiana 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 Treasurer indicated on the Annual Financial Report for 2016 and 2017, that all employees were trained on the internal control standards; however, the employees did not receive training.

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](#)."

PREPAID SCHOOL MEAL ACCOUNTS

All monthly receipts from food sales, as well as prepayments for meals, were recorded directly in the School Lunch fund; prepayments were not recorded in a Prepaid Food fund in the 2014-2015 school year.

Our opinion is that 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 his 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)

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on October 11, 2018, with Dr. Thomas W. Rohr, Superintendent of Schools; Vonessia Harmon, Treasurer; and P. Scott Ramsay, President of the School Board.