

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF

NORTH PUTNAM COMMUNITY  
SCHOOL CORPORATION  
PUTNAM COUNTY, INDIANA

July 1, 2015 to June 30, 2017



**FILED**  
12/21/2018



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tanya J. Pearson	07-01-15 to 12-31-18
Superintendent of Schools	Daniel A. Noel Dr. Nicole L. Singer	07-01-15 to 06-30-18 07-01-18 to 06-30-19
President of the School Board	John Hays Amber Greene Ron Spencer	07-01-15 to 12-31-16 01-01-16 to 13-31-17 01-01-17 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of the North Putnam 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 Result and Comment contained herein describes 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

November 8, 2018

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS

***FINDING 2017-001***

Subject: Financial Transactions and Reporting  
Audit Findings: Material Weakness

*Condition*

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. There was a lack of adequate segregation of duties as the School Corporation had not separated incompatible activities related to receipts, disbursements, and financial reporting, including reporting of federal program expenditures.

*Receipts*

The School Corporation had not designed or implemented proper segregation of duties related to receipts. One employee issued and recorded receipts and deposited collections without evidence of segregation of duties. There were no controls in place to ensure the accuracy and classification of the receipts recorded to the proper fund and account.

*Payroll Disbursements*

One employee recorded payroll transactions. There was no evidence of oversight or review to ensure the accuracy of the payroll disbursements to the proper fund and account.

*Financial Reporting - Financial Transactions*

The School Form 9, which is the basis of the financial statement, was prepared and submitted to the Indiana Department of Education by one individual without evidence of oversight or review.

*Financial Reporting - Federal Program Expenditures*

The Schedule of Expenditures of Federal Awards was prepared and submitted to the Indiana Gateway for Government Units reporting system by one employee without evidence of oversight or review.

*Context*

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

*Criteria*

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

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

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

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

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

*Cause*

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

*Effect*

The failure to establish effective internal controls could have enabled misstatements or irregularities to remain undetected.

*Recommendation*

We recommended that the School Corporation establish a system of internal controls, including segregation of duties related to financial transaction and reporting.

*Views of Responsible Officials*

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

**FINDING 2017-002**

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 15-16, FY 16-17

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility,  
Special Tests and Provisions - School Food Accounts, Special Tests and  
Provisions - Paid Lunch Equity, 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 compliance requirements listed above.

*Activities Allowed or Unallowed, Allowable Costs/Cost Principles*

One employee recorded payroll transactions. There was no evidence of oversight or review to ensure that payroll disbursements were for allowable activities or to ensure the accuracy of the payroll disbursements recorded to the proper fund and account.

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Eligibility*

Eligibility determinations were performed by one individual. An oversight or review process, or other compensating control, had not been established to ensure that eligibility determinations were accurate.

*Special Tests and Provisions - School Food Accounts*

A school food account had been established for the School Corporation; however, an oversight or review process of the amounts recorded in the school food account had not been established.

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

The Food Service Director completed the paid lunch equity calculation without an oversight or review process to ensure that the calculations were performed or to ensure the accuracy of the calculation.

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

The Food Service Director performed the verification of the free and reduced price applications without evidence of oversight or review.

*Context*

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

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Cause*

The School Corporation 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 listed above. 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 have 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.

**FINDING 2017-003**

Subject: Child Nutrition Cluster - Procurement

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 15-16, FY 16-17

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

*Condition*

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

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

The School Corporation did not obtain price or rate quotes from an adequate number of sources for purchases of goods or services exceeding \$3,500, which fell under the small purchase procedures.

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*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). . . ."

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. . . ."

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the procurement requirements.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Procurement and Suspension and Debarment compliance requirement.

*Views of Responsible Officials*

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

***FINDING 2017-004***

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 and Years (or Other Identifying Numbers): FY 15-16, FY 16-17

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Program Income

Audit Findings: Material Weakness, Modified Opinion

*Condition*

An effective internal control system was not in place at the School Corporation 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 policies and procedures to ensure that the food service program reports were reconciled to program income received in the School Lunch fund.

The School Corporation did not comply with program income requirements. All receipts from sales, including prepayments, were recorded directly into the School Lunch fund. The difference between the beginning balance in the prepaid account and the ending prepaid balance per the food service software were periodically transferred from the School Lunch fund to the Prepaid Lunch fund. The actual program income generated from the food service program was not transferred or recorded properly.

*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. . . ."

NORTH PUTNAM 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). . . ."

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 220.13(i) states in part: "Each State agency . . . shall establish a financial management system under which School Food Authorities shall account for all revenues and expenditures of their nonprofit school food service. . . ."

*Cause*

The School Corporation had not developed a system of internal controls that would have ensured compliance with the Program Income 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 Program Income compliance requirement.

*Views of Responsible Officials*

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

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

**FINDING 2017-005**

Subject: Child Nutrition Cluster - Reporting  
 Federal Agency: Department of Agriculture  
 Federal Programs: School Breakfast Program, National School Lunch Program,  
 Summer Food Service Program for Children  
 CFDA Numbers: 10.553, 10.555, 10.559  
 Federal Award Numbers and Years (or Other Identifying Numbers): FY 15-16, FY 16-17  
 Pass-Through Entity: Indiana Department of Education  
 Compliance Requirement: Reporting  
 Audit Findings: Material Weakness, Modified Opinion

*Condition*

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. The Annual Financial Reports (AFR), Monthly Sponsor Claims for Reimbursement, and School Food Authority (SFA) the Verification Collection Reports were prepared and submitted by one individual, without a documented oversight, review, or approval process.

The AFRs submitted agreed with the School Corporation's underlying financial records in total, but did not agree in the individual categories. The AFRs did not agree with the sales reports generated by the food service point of sale system. The differences were as follows:

	AFR Compared to Sales Report					
	2015-2016			2016-2017		
	AFR	Sales Report	Difference	AFR	Sales Report	Difference
<u>Sales to Children</u>						
Lunch	\$ 220,460.26	\$ 226,238.20	\$ (5,777.94)	\$ 200,207.84	\$ 204,501.80	\$ (4,293.96)
Breakfast	21,841.24	28,770.40	(6,929.16)	29,906.10	29,906.10	-
Other	102,120.10	75,894.45	26,225.65	19,530.95	58,376.80	(38,845.85)
Subtotal	<u>344,421.60</u>	<u>330,903.05</u>	<u>13,518.55</u>	<u>249,644.89</u>	<u>292,784.70</u>	<u>(43,139.81)</u>
<u>Sales to Adults</u>						
Lunch	16,096.29	14,475.30	1,620.99	12,258.32	10,045.00	2,213.32
Breakfast	600.00	464.00	136.00	500.00	166.00	334.00
Other	-	990.55	(990.55)	-	10,045.00	(10,045.00)
Subtotal	<u>16,696.29</u>	<u>15,929.85</u>	<u>766.44</u>	<u>12,758.32</u>	<u>20,256.00</u>	<u>(7,497.68)</u>
Totals	<u>\$ 361,117.89</u>	<u>\$ 346,832.90</u>	<u>\$ 14,284.99</u>	<u>\$ 262,403.21</u>	<u>\$ 313,040.70</u>	<u>\$ (50,637.49)</u>

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

	AFR Compared to Financial Statement					
	2015-2016			2016-2017		
	AFR	Financial Statement	Difference	AFR	Financial Statement	Difference
<u>Sales to Children</u>						
Lunch	\$ 220,460.26	\$ 314,985.00	\$ (94,524.74)	\$ 200,207.84	\$ 249,191.00	\$ 48,983.16
Breakfast	21,841.24	3,443.00	18,398.24	29,906.10	4.00	(29,902.10)
Other	<u>102,120.10</u>	<u>61,013.00</u>	<u>41,107.10</u>	<u>19,530.95</u>	<u>450.00</u>	<u>(19,080.95)</u>
Subtotal	<u>344,421.60</u>	<u>379,441.00</u>	<u>(35,019.40)</u>	<u>249,644.89</u>	<u>249,645.00</u>	<u>0.11</u>
<u>Sales to Adults</u>						
Lunch	16,096.29	16,696.00	(599.71)	12,258.32	-	-
Breakfast	<u>600.00</u>	<u>-</u>	<u>600.00</u>	<u>500.00</u>	<u>-</u>	<u>-</u>
Subtotal	<u>16,696.29</u>	<u>16,696.00</u>	<u>0.29</u>	<u>12,758.32</u>	<u>12,758.00</u>	<u>0.32</u>
State Revenue Match	8,365.93	8,366.00	0.07	8,111.67	8,112.00	0.33
Federal Reimbursement	427,454.81	410,262.00	17,192.81	428,464.81	413,937.00	14,527.81
Other Income	15,212.45	-	15,212.45	23,960.25	38,489.00	(14,528.75)
Rebates	<u>2,614.79</u>	<u>-</u>	<u>2,614.79</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income Totals	<u>\$ 814,765.87</u>	<u>\$ 814,765.00</u>	<u>\$ 1.01</u>	<u>\$ 722,939.94</u>	<u>\$ 722,941.00</u>	<u>\$ (0.18)</u>

*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). . . ."

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

7 CFR 3016.20(b) states in part:

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

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. . . ."

2 CFR 200.302(b)(2) states in part: "Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

2 CFR 200.302(b)(3) states:

"Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation."

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Reporting compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
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FAX: 765-522-3562

*Nicole Singer*  
*Superintendent*  
nsinger@nputnam.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: Nicole Singer, Superintendent, and Tanya Pearson, Treasurer

Contact Phone – 765-522-6218

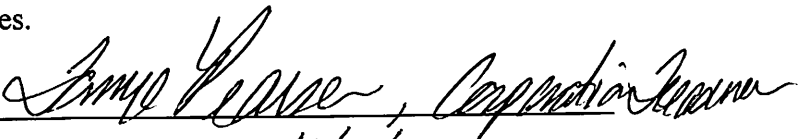
Views of Responsible Official: We agree with findings.

Description of Corrective Action Plan:

The Superintendent, treasurer or business office designee will sign off, initial, and/or review Form 9, SEFA, payroll trial register and receipts.

1. When receipts are issued, a business office designee will verify by initialing the treasurer's data for accuracy.
2. Each payroll will be reviewed for accuracy. The Superintendent or Treasurer will review and initial the payroll trial journal.
3. School Form 9 will be reviewed and initialed by the Superintendent for accuracy before uploading to the DOE website.
4. SEFA- will be reviewed by the Superintendent or business office designee to ensure the accuracy of the data before submitting to Gateway.

This process and procedure described above for this audit will be implemented as of November 8, 2018. The implementation of these procedures will ensure we have internal controls in place for segregation of duties.

  
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11/8/18

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**CORRECTIVE ACTION PLAN**

**FINDING 2017-002**

Contact Person Responsible for Corrective Action: Nicole Singer, Superintendent; Tanya Pearson, Treasurer; Terry Tippin, Director of Operations; and Director of Child Nutrition, Aramark.

Contact Phone Number: 765-522-6218

Views of Responsible Official: We agree with the findings.

**Description of Corrective Action Plan:**

With the verification and recordkeeping requirements of the Child Nutrition Program, the Superintendent, or business office designee, will review and approve the monthly claim for reimbursement, the annual financial report, and the annual verification summary. These controls will establish compliance with grant agreement and the reporting requirement.

The Superintendent, or business office designee, will review and approve a sample of Free and Reduced applications upon initial review and approval from or Director of Child Nutrition. In addition, these officials will re-verify at least 3% (3 percent) of the approved applications. These controls will establish compliance with the grant agreement and the Special Test and Provision requirements.

The Director of Child Nutrition will input the Paid Lunch Equity calculations, screenshot, and send to Director of Operations for verification.

The Director of Operations will review and verify payroll transactions submitted by the Director of Child Nutrition each payroll period.

The Director of Operations will review and approve the monthly School Fund Account report submitted by the Director of Child Nutrition.

Anticipated Completion Date: November 13, 2018

(Signature)

Terry Tippin

(Title)

Director of Operations

(Date)

11-8-18

**NORTH PUTNAM COMMUNITY SCHOOL CORPORATION**

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**CORRECTIVE ACTION PLAN**

***FINDING 2017-003***

Contact Person Responsible for Corrective Action: Nicole Singer, Superintendent; Tanya Pearson, Treasurer; Terry Tippin, Director of Operations; and Director of Child Nutrition, Aramark.

Contact Phone Number: 765-522-6218

Views of Responsible Official: We agree with the findings.

**Description of Corrective Action Plan:**

Small purchase procurement procedures will include securing quotes from 3 vendors. Quotes will be reviewed by Director of Operations and recommendation submitted to Superintendent for approval.

Anticipated Completion Date: November 13, 2018

(Signature)

Terry Tippin

(Title)

Dir of Operations

(Date)

11-8-18

**NORTH PUTNAM COMMUNITY SCHOOL CORPORATION**

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**CORRECTIVE ACTION PLAN**

***FINDING 2017-004***

Contact Person Responsible for Corrective Action: Nicole Singer, Superintendent; Tanya Pearson, Treasurer; Terry Tippin, Director of Operations; and Director of Child Nutrition, Aramark.

Contact Phone Number: 765-522-6218

Views of Responsible Official: We agree with the findings.

**Description of Corrective Action Plan:**

Director of Child Nutrition will prepare spreadsheet containing revenue from student and adult sales from supporting documents and given to Treasurer monthly.

Anticipated Completion Date: November 13, 2018

(Signature)

Terry Tippin

(Title)

Dir of Operation

(Date)

11-8-18

**NORTH PUTNAM COMMUNITY SCHOOL CORPORATION**

300 NORTH WASHINGTON ST.

P.O. BOX 169

BAINBRIDGE, INDIANA 46105-0169

PHONE: 765-522-6218

FAX: 765-522-3562

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**CORRECTIVE ACTION PLAN**

***FINDING 2017-005***

Contact Person Responsible for Corrective Action: Nicole Singer, Superintendent; Tanya Pearson, Treasurer; Terry Tippin, Director of Operations; and Director of Child Nutrition, Aramark.

Contact Phone Number: 765-522-6218

Views of Responsible Official: We agree with the findings.

**Description of Corrective Action Plan:**

The Superintendent, or business office designee, will review and approve the monthly claim for reimbursement, the annual financial report, and the annual verification summary.

Anticipated Completion Date: November 13, 2018

(Signature)

Terry Tippin

(Title)

Director of Operations

(Date)

11-8-18

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
AUDIT RESULT AND COMMENT

***OVERDRAWN CASH BALANCES***

The financial statement presented for audit included the School Lunch fund with overdrawn cash balances of \$3,438 and \$18,474 at June 30, 2016, and June 30, 2017, respectively.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

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*Nicole Singer*  
*Superintendent*  
nsinger@nputnam.k12.in.us

November 20, 2018

Official Response to Overdrawn Cash Balances

School Lunch operates as a reimbursement fund for school lunch and breakfast. We were trying to get the school lunch to operate in a positive manner instead of covering up the need to transfer funds to get it to a positive account. If we are always transferring money into the account, how can you get the staff to recognize the importance of managing good business practices? After this audit, I will transfer funds into the account so it will not have a negative balance on June 30.



Tanya Pearson, Corporation Treasurer

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on November 8, 2018, with Dr. Nicole L. Singer, Superintendent of Schools; Tanya J. Pearson, Treasurer; Terry Tippin, Director of Operations; Darrell Wiatt, School Board member; and Ron Spencer, President of the School Board.