

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF

COMMUNITY SCHOOL CORPORATION OF  
SOUTHERN HANCOCK COUNTY  
HANCOCK COUNTY, INDIANA

July 1, 2016 to June 30, 2018



**FILED**  
03/27/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Robert L. Yoder	07-01-16 to 06-30-21
Superintendent of Schools	Dr. Lisa Lantrip	07-01-16 to 06-30-23
President of the School Board	Craig S. Wagoner, Sr. Brian McKinney William T. Niemier	01-01-16 to 12-31-16 01-01-17 to 12-31-18 01-01-19 to 12-31-19



**STATE OF INDIANA**  
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TO: THE OFFICIALS OF THE COMMUNITY SCHOOL CORPORATION OF  
SOUTHERN HANCOCK COUNTY, HANCOCK COUNTY, INDIANA

This report is supplemental to our audit report of the Community School Corporation of Southern Hancock County (School Corporation), for the period from July 1, 2016 to June 30, 2018. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at [www.in.gov/sboa](http://www.in.gov/sboa).

The Federal Finding, identified in the above referenced audit report, is included in this report.

Any Corrective Action Plan for the Federal Finding, incorporated within this report, was not verified for accuracy.

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

March 6, 2019

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY  
FEDERAL FINDING

***FINDING 2018-001***

Subject: Child Nutrition Cluster - Reporting  
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): FY17 and FY18  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
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.

An employee of the Food Service Department prepared the Verification Summary Report without any oversight, review, or approval process, to ensure the accuracy of the report prior to submission.

*Context*

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY  
FEDERAL FINDING  
(Continued)

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

*Cause*

Management had not developed a system of internal controls to ensure compliance with the grant agreement and the Reporting compliance requirement.

*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 compliance requirement.

*Questioned Costs*

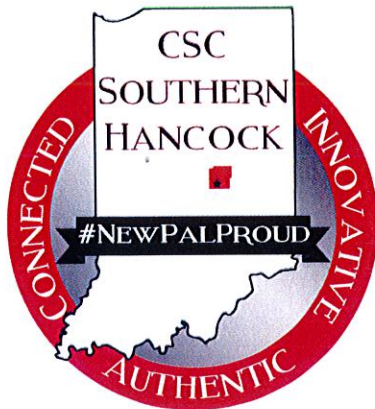
There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish an effective internal control system 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.



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## **CORRECTIVE ACTION PLAN**

### **FINDING 2018-001**

*Child Nutrition Cluster - Reporting*

**Condition:** An effective 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. The Food Service Department prepared the Verification Summary Report without an oversight review, or approval process, to ensure the accuracy of the report prior to submission.

**Context:** The lack of controls was a systemic issue that occurred throughout the audit period.

**View of Responsible Official:** We concur with the audit finding and have prepared a corrective action plan.

**Description of Corrective Action Plan:** CSC Southern Hancock County has improved the internal controls procedures pertaining to the approval process of the Verification Summary Report. The Nutrition Programs Director, the Nutrition Programs Administrative Assistant, and the Assistant Superintendent will review and sign the Verification Summary Report prior to being submitted to the Child Nutrition Programs.

**Anticipated Completion Date:** This procedure was implemented on February 13, 2019.

**Robert L. Yoder**  
*Assistant Superintendent*  
(317) 861-4463 x1011  
[byoder@newpal.k12.in.us](mailto:byoder@newpal.k12.in.us)

February 13, 2019

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on March 6, 2019, with Robert L. Yoder, Treasurer; Ashlie Worth, Deputy Treasurer; William T. Niemier, President of the School Board; and Dr. Lisa Lantrip, Superintendent of Schools.