

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF  
SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
DEARBORN 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                        | Shawn Spindler                  | 07-01-16 to 06-30-19                         |
| Superintendent<br>of Schools     | Dr. John Mehrle<br>Eric Lows    | 07-01-16 to 06-30-18<br>07-01-18 to 06-30-21 |
| President of the<br>School Board | David Lusby<br>Scott Willoughby | 01-01-16 to 12-31-17<br>01-01-18 to 12-31-19 |



**STATE OF INDIANA**  
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TO: THE OFFICIALS OF THE SOUTH DEARBORN COMMUNITY  
SCHOOL CORPORATION, DEARBORN COUNTY, INDIANA

This report is supplemental to our audit report of the South Dearborn Community School Corporation (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 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 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 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 for the Audit Result and Comment, incorporated within this report, were not verified for accuracy.

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

February 28, 2019

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS

***FINDING 2018-001***

Subject: Financial Transactions and Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-001. The corrective action for this finding was implemented in the 2018-2019 school year.

*Condition*

There were the following deficiencies in the internal control system of the School Corporation related to financial transactions and reporting:

Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to cash and investments, and receipts. One employee prepared bank deposits, took deposits to the bank, and prepared bank reconciliements. There was no control in place, such as an oversight, review, or approval process, for these activities.

*Context*

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

*Criteria*

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

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

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

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

*Cause*

Management had not established a proper system of internal control over financial transactions and reporting.

*Effect*

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

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls, including segregation of duties, related to financial transactions 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 2018-002**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-002. The corrective action for this finding was implemented in the 2018-2019 school year.

*Condition*

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The School Corporation had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's SEFA. One employee prepared the federal award information that was entered into Gateway without a control in place to prevent, or detect and correct, errors prior to submission.

*Context*

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

*Criteria*

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

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

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

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

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 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 could have gone undetected.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls related to 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 2018-003**

Subject: Child Nutrition Cluster - Internal Controls  
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, FY18  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Cash Management, Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-006. The corrective action for this finding was implemented in the 2018-2019 school year.

*Condition*

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements:

*Cash Management*

The School Corporation's Treasurer monitored compliance with "the three month rule," but there was no control in place, such as an oversight, review, or approval process, to ensure net cash resources did not exceed three months average expenditures.

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Eligibility*

The School Corporation had no control in place, such as an oversight, review, or approval process, to ensure the free and reduced price lunch applications were properly determined.

*Reporting*

The School Corporation had no control in place, such as an oversight, review, or approval process, to ensure the accuracy of the following reports: Annual Financial Report, Reimbursement Requests, and the Verification Summary Report.

*Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)*

Verifications of free and reduced price applications were performed by the Food Service Director; however, there was no control in place, such as an oversight, review, or approval process, to ensure the accuracy of the verifications.

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

Paid Lunch Equity calculations were performed; however, there was no control in place, such as an oversight, review, or approval process, to ensure the accuracy of the calculations.

*Context*

The lack of controls 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). . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*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 Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

*Views of Responsible Officials*

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

**FINDING 2018-004**

Subject: Child Nutrition Cluster - Procurement

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, FY18

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

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 2016-005. The corrective action for this finding was implemented in the 2018-2019 school year.

*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 utilized a purchasing cooperative to obtain bids on their behalf for select items. There was no control in place, such as an oversight, review, or approval process, to ensure compliance with procurement requirements for items bid by the purchasing cooperative. Due to the lack of controls, the School Corporation spent over \$3,500, in aggregate, from seven vendors during the audit period without securing bids or quotes from an adequate number of qualified sources.

*Context*

The lack of internal 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:

SOUTH DEARBORN 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). . . ."

2 CFR 200.320(b) states:

"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*

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 noncompliance with both 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 2018-005**

Subject: Title I Grants to Local Educational Agencies - Internal Controls  
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): FY16, FY17, FY18  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Annual Report  
Card, High School Graduation Rate  
Audit Finding: Material Weakness

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Condition*

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with the requirements related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement. The same individual was responsible for entering and removing cohort information within the student software system. There was no control in place, such as an oversight, review, or approval process, to ensure the accuracy of the information entered into and removed from the student software system.

*Context*

The lack of controls 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). . . ."

*Cause*

Management of the School Corporation had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate 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 Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

*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 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.

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

***FINDING 2018-006***

Subject: Title I Grants to Local Educational Agencies - Eligibility  
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): FY16, FY17, FY18  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Eligibility  
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 2016-009. The corrective action for this finding was implemented in the 2018-2019 school year.

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Eligibility compliance requirement. The Eligible School Summary portion of the Title I grant application reports the public enrollment, public poverty, non-public enrollment, and non-public poverty data. The records provided by the School Corporation did not agree with the Eligible School Summary Reports public data for the 2017 and 2018 program years. In addition, no records were provided to support the non-public data.

*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). . . ."

34 CFR 76.700 states: "A State and a subgrantee shall comply with the State plan and applicable statutes, regulations, and approved applications, and shall use Federal funds in accordance with those statutes, regulations, plan, and applications."

34 CFR 200.78(a)(1) states:

"An LEA must allocate funds under subpart A of this part to school attendance areas and schools, identified as eligible and selected to participate under section 1113(a) or (b) of the ESEA, in rank order on the basis of the total number of children from low-income families in each area or school."

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

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*

Management of the School Corporation had not developed a system of internal controls that would have ensured compliance with the Eligibility 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 Eligibility compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended the School Corporation's management establish controls related to the grant agreement and 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.

**FINDING 2018-007**

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-050-PN01, 14217-050-PN01,  
18611-050-PN01, 45716-050-PN01,  
45717-050-PN01, 18619-050-PN01

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.

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

The School Corporation designated a fiscal agent to receive and manage the funding of the special education programs, but had no controls in place to monitor the fiscal agent's procedures, which resulted in the following noncompliance.

*Procurement*

The School Corporation did not have procedures in place to ensure the purchasing methods used by the fiscal agent complied with the School Corporation's procurement policies and applicable state, local, and federal requirements. Additionally, the School Corporation did not have procedures in place to ensure the fiscal agent was documenting the history of their procurements, including the rationale for method of procurement, selection of contract type, basis for contractor selection, and the basis for the contract price.

The fiscal agent contracted personal services to different vendors, including several with yearly contracts that exceeded the \$3,500 threshold for small purchases. The fiscal agent did not obtain price or rate quotations from an adequate number of qualified sources for the contracts that were anticipated to be over the \$3,500 threshold as required.

*Suspension and Debarment*

The School Corporation did not have internal controls in place to ensure contracted vendors that exceeded \$25,000 in the aggregate were not suspended or debarred from participation in the federal program.

For fiscal year 2017, the fiscal agent entered into one contract with a vendor that exceeded \$25,000. The fiscal agent did not perform procedures to verify the vendor was not suspended or debarred from participation in the federal program, obtain a certification regarding suspension and debarment from the vendor, or add a clause or condition to the covered transaction with that vendor prior to the contract. No contracts exceeding \$25,000 were made in fiscal year 2018.

*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). . . ."

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

2 CFR 200.318 states in part:

"(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part. . . .

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. . . ."

2 CFR 200.320 states in part:

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

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

(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. . . .

(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes non-competitive proposals in response to a written request from the non-Federal entity;  
or
- (4) After solicitation of a number of sources, competition is determined inadequate."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking SAM Exclusions; or

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

*Cause*

Management of the School Corporation had not developed or implemented a system of internal controls that would have ensured compliance with the grant agreement and 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.



6109 Squire Place, Aurora, IN 47001 [www.sdcsk12.in.us](http://www.sdcsk12.in.us) T: 812-926-2090 F: 812-926-4216

### CORRECTIVE ACTION PLAN

**FINDING 2018-001**

Contact Person Responsible for Corrective Action: Shawn Spindler, Business Manager/Treasurer  
Contact Phone Number: 812.926.2090

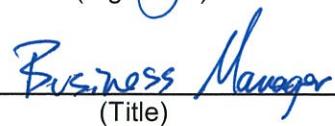
Views of Responsible Official: We concur with the finding.

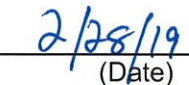
Description of Corrective Action Plan:

The Payroll/Treasurer Assistant will begin preparing the bank reconcilements with review and approval by the Business Manager.

Anticipated Completion Date: February 2019

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

Success Driven. Grow. Excel. Achieve.  
**A COMMUNITY COMMITMENT**



6109 Squire Place, Aurora, IN 47001 [www.sdsc.k12.in.us](http://www.sdsc.k12.in.us) T: 812-926-2090 F: 812-926-4216

### CORRECTIVE ACTION PLAN

**FINDING 2018-002**

Contact Person Responsible for Corrective Action: Shawn Spindler, Business Manager/Treasurer  
Contact Phone Number: 812.926.2090

Views of Responsible Official: We concur with the finding.


Description of Corrective Action Plan:

After completion of the SEFA, it will be reviewed and approved by the Superintendent/Assistant Superintendent.

Anticipated Completion Date: 8/1/18

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

Success Driven. Grow. Excel. Achieve.  
**A Community Commitment**



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CORRECTIVE ACTION PLAN

**FINDING 2018-003**

Contact Person Responsible for Corrective Action: Mary Sturgeon, Food Service Director  
Contact Phone Number: 812.926.2090

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Child Nutrition Cluster-Cash Management – The Food Service Director will monitor the School Lunch fund monthly cash balances for accuracy and to ensure net cash resources do not exceed three months average expenditures. The Food Service Director will then send to the Business Manager for review.

Child Nutrition Cluster-Eligibility – The school Treasurer/Secretary will enter all free and reduced price applications into the computer software system, which determines eligibility. The eligibility determinations will then be reviewed by the Food Service Director with proper documentation.

Child Nutrition Cluster-Reporting – The Food Service Director will prepare the Annual Financial Report and Verification Summary Report. These reports will then be reviewed by the Business Manager. The Business Manager will prepare the Reimbursement Requests. These requests will then be reviewed by the Food Service Director.

Paid Lunch Equity – The Food Service Director will perform the calculations with the Business Manager reviewing and approving the calculations.

Verification of Free and Reduced Price Applications - The Food Service Director will perform the verification of free and reduced price applications with review by the District Payroll and Treasurer Assistant. The Food Service Director will also maintain and file free and reduced price applications according to the state compliance guidelines. The Business Manager then approves the Verification Summary Report.

Anticipated Completion Date: October 2018

Mary Sturgeon  
(Signature)

Food Service Director  
(Title)

3-7-2019  
(Date)

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## CORRECTIVE ACTION PLAN

### ***FINDING 2018-004***

Contact Person Responsible for Corrective Action: Mary Sturgeon, Food Service Director  
Contact Phone Number: 812.926.2090

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

#### Procurement

When utilizing a purchasing cooperative to obtain bids on our behalf, the Food Service Director will review all bid and bid tally documents to ensure compliance with Procurement requirements.

The Food Service Director will follow small purchase procedures and obtain price or rate quotes from three vendors for purchases that exceed \$3,500.

Anticipated Completion Date: October 2018

Mary Sturgeon  
(Signature)

Food Service Director  
(Title)

3-7-2019  
(Date)

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### CORRECTIVE ACTION PLAN

**FINDING 2018-005**

Contact Person Responsible for Corrective Action: Lisa Moorhead, Director of Guidance  
Contact Phone Number: 812.926.2090

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

After the cohort report is entered into our software, the Director of Guidance and/or the High School Principal will review and sign off on the information.

Anticipated Completion Date: March 2019

Lisa Moorhead  
(Signature)

Director of Guidance  
(Title)

3/1/19  
(Date)

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### CORRECTIVE ACTION PLAN

**FINDING 2018-006**

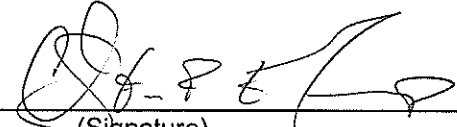
Contact Person Responsible for Corrective Action: Christopher Tanner, Assistant Superintendent  
Contact Phone Number: 812.926.2090

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Regarding the Eligible School Summary Report, we will begin printing this and verifying the enrollment with our Real-Time reports. As for the non-public enrollment, we will begin documenting our conversations with the parochial schools enrollment.

Anticipated Completion Date: September 2018

  
(Signature)

ASSISTANT SUPERINTENDENT  
(Title)

03/01/2019  
(Date)

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## CORRECTIVE ACTION PLAN

### ***FINDING 2018-007***

Contact Person Responsible for Corrective Action: Shawn Spindler, Business Manager  
Contact Phone Number: 812.926.2090

Views of Responsible Official: We concur with the finding.

#### Description of Corrective Action Plan:

To address the Procurement finding:

Documentation of price/rate quotations obtained from an adequate number of qualified vendors for purchases anticipated to be over the \$3,000 threshold for small purchases will be maintained at the ROD Cooperative.

To address the Suspension and Debarment:

The following internal control procedure has been established to verify a vendor that exceeds \$25,000 has not been suspended or debarred: For each vendor that exceeds \$25,000, the ROD cooperative will do a search on the SAM Federal registry to verify the selected vendor has not been suspended or debarred. The director will also sign the printed registry search verifying the vendor has not been suspended or debarred.

Anticipated Completion Date: March 2019

  
\_\_\_\_\_  
(Signature)

*Business Manager*  
\_\_\_\_\_  
(Title)

*2/28/19*  
\_\_\_\_\_  
(Date)

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SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
AUDIT RESULT AND COMMENT

***BANK ACCOUNT RECONCILIATIONS***

The same comment also appeared in prior Report B51067.

Depository reconcilements of fund balances to the bank balances were not properly completed during the audit period. It was the Treasurer's practice to reconcile fund receipts to bank receipts, and fund disbursements to bank disbursements monthly; however, the Treasurer did not verify the fund balance agreed to the bank account balance. The bank balance as of June 30, 2018, was \$5,815 more than the funds ledger balance.

The corrective action for this comment was implemented in the 2018-2019 school year.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 28, 2019, with Shawn Spindler, Treasurer, and Scott Willoughby, President of the School Board.