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

SUPPLEMENTAL COMPLIANCE REPORT

OF

DELAWARE COMMUNITY SCHOOL CORPORATION

DELAWARE COUNTY, INDIANA

July 1, 2016 to June 30, 2018

FILED
04/17/2019

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SCHEDULE OF OFFICIALS

Office	Official	Term
Treasurer	Cheryl Dominick	07-01-16 to 06-30-19
Superintendent of Schools	Reece A. Mann	07-01-16 to 06-30-22
President of the School Board	Adam Williams	01-01-16 to 12-31-16
	Trent Fox	01-01-17 to 12-31-17
	John Adams	01-01-18 to 12-31-19

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TO: THE OFFICIALS OF THE DELAWARE COMMUNITY SCHOOL CORPORATION, DELAWARE COUNTY, INDIANA

This report is supplemental to our audit report of the Delaware 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 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 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

April 3, 2019

DELAWARE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDING

FINDING 2018-001

Subject: Child Nutrition Cluster - Eligibility and 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 2016, FY 2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Eligibility, 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 Eligibility and Reporting compliance requirements.

Eligibility

The determination of eligibility was made by one employee without a proper oversight, review, or approval process to ensure the determination was done accurately.

Reporting

One employee was responsible for completing and submitting the Annual Financial Reports, the sponsor claims for reimbursement, and the School Food Authority (SFA) Verification Collection Reports, without a proper oversight, review, or approval process to ensure the reports were accurate prior to submission.

Context

The lack of controls was a systemic issue 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 Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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 grant agreement and the Eligibility and Reporting 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 and Reporting compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish and maintain controls, including segregation of duties, to ensure compliance with the grant agreement and Eligibility and Reporting compliance requirements.

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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DELAWARE COMMUNITY SCHOOL CORPORATION
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Board of Education

John Adams - President
Adam Williams - Vice President
Trent Fox - Secretary
Lance Engle- Member
Jacob Case - Member

Reece A. Mann - Superintendent
Dr. Darin K. Gullion - Assistant Superintendent

Delaware Community School Corporation
Corrective Action Plan

Finding 2018-001

Date of Response: April 3, 2019

Contact Person Responsible for Corrective Action: Dr. Darin K. Gullion

Contract Phone Number: 765-284-5074

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:
The Assistant Superintendent and Food Service Director will establish and cause to be maintained a system of internal controls. These controls will provide for segregation of duties and oversite & review of the following:

- Determination of Eligibility
- Annual Financial Reports
- Monthly Sponsor Claims
- Verification Summary Reports.

Anticipated Completion Date: 6/30/2019

Darin K Gullion
Signature

Assistant Superintendent
Title

4-3-19
Date

DELAWARE COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on April 3, 2019, with Reece A. Mann, Superintendent of Schools; Dr. Darin K. Gullion, Assistant Superintendent of Schools; Cheryl Dominick, Treasurer; and John Adams, President of the School Board.