

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CLARKSVILLE COMMUNITY SCHOOL CORPORATION

CLARK COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
05/10/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Christi Pruitt (Vacant) Dianne Lacy	07-01-16 to 12-21-18 12-22-18 to 02-03-19 02-04-19 to 06-30-19
Superintendent of Schools	Dr. Kimberly Knott Tina Bennett	07-01-16 to 04-02-17 04-03-17 to 06-30-21
President of the School Board	William P. Wilson	01-01-16 to 12-31-19



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TO: THE OFFICIALS OF THE CLARKSVILLE COMMUNITY SCHOOL
CORPORATION, CLARK COUNTY, INDIANA

This report is supplemental to our audit report of the Clarksville 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 Findings, identified in the above referenced audit report, are included in this report.

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

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

April 23, 2019

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS

FINDING 2018-001

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, Program Income, Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report related to the Cash Management, Program Income, and Reporting compliance requirements. The prior audit finding number was 2016-002.

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 following compliance requirements:

Cash Management

The School Corporation had not developed procedures whereby the School Lunch fund balance was monitored to ensure the net cash resources in the fund did not exceed the three months average expenditures.

Eligibility

If paper applications were received, the Food Service Director was solely responsible for inputting applicant information into the school lunch software program. The school lunch software program automatically calculated eligibility based upon the data that was entered into the program by the Food Service Director. There was no evidence of an independent review to ensure that the Food Service Director was correctly entering applicant data into the program. Additionally, there was no process to verify that the correct income guidelines were entered into the school lunch software program.

Program Income

An effective internal control system was not in place to ensure that transfers between the Prepaid Food fund and the School Lunch fund were correct. The Food Service Director prepared a transfer worksheet documenting the amount to be transferred from the Prepaid Food fund into the School Lunch fund. The Treasurer reviewed the supporting documentation and made the journal entries; however, there was no evidence of the School Corporation Treasurer's review of the transfer worksheet.

Reporting

No evidence was presented for audit indicating that someone other than the preparer of the Annual Financial Report was reviewing the report prior to submission in fiscal year 2016-2017. Also, an effective internal control system was not in place to ensure the Monthly Sponsor Claims for Reimbursement were complete and correct prior to their submission.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Context

The lack of controls was a systemic problem throughout the audit period, except for the Annual Financial Report, which was isolated to fiscal year 2016-2017.

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 included proper oversight, review, and approval over the activities of the Child Nutrition Cluster.

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.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal 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 2018-002

Subject: National School Lunch Program - Special Tests and Provisions - Paid Lunch Equity
Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program
CFDA Number: 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 17, FY 18
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity
Audit Findings: Material Weakness, Other Matters

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-004.

Condition

An effective internal control system, which would have included 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 Special Tests and Provisions - Paid Lunch Equity compliance requirement. The School Corporation had not designed or implemented adequate policies and procedures to ensure the required paid lunch equity calculations were accurate or that the paid lunch prices were adjusted according to the weighted-average paid lunch price calculations.

Per the Paid Lunch Equity Calculator, the School Corporation needed a minimum weighted average school lunch price of \$2.75 for fiscal year 2016-2017; however, because they are only required to increase it by a maximum of \$0.10 in a given year, the School Corporation was only required to increase the weighted average school lunch price to \$2.67. The School Corporation increased lunch prices for the high schools by \$0.10, but only increased the lunch price by \$0.05 for the elementary and middle schools, resulting in a weighted average of \$2.65. Additionally, per the fiscal year 2017-2018 Paid Lunch Equity Calculator, the School Corporation still needed a minimum weighted average school lunch price of \$2.75. The School Corporation only increased the paid lunch price by \$0.05 for each grade level, but due to changes in enrollment, this resulted in a weighted average price of \$2.69 instead of the required \$2.75.

Context

The lack of internal controls and noncompliance were systemic issues during 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). . . ."

7 CFR 210.14(e) states in part:

"Pricing paid lunches. For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

(1) Calculation procedures. Each school food authority shall:

(i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

- (ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (i.e., the reimbursement difference);
 - (iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section. . . .
- (3) Average lunch price is lower than the reimbursement difference. When the average price from the prior school year is lower than the difference in reimbursement rates as determined in paragraph (e)(1)(iii) of this section, the school food authority shall establish an average price for the current school year that is not less than the average price charged in the previous school year as adjusted by a percentage equal to the sum obtained by adding:
- (i) 2 percent; and
 - (ii) The percentage change in the Consumers Price Index for All Urban Consumers used to increase the Federal reimbursement rate under section 11 of the Act for the most recent school year for which data are available. The percentage to be used is found in the annual notice published in the FEDERAL REGISTER announcing the national average payment rates, from the prior year.
- (4) Price Adjustments.
- (i) Maximum required price increase. The maximum annual average price increase required under this paragraph shall not exceed ten cents.
 - (ii) Rounding of paid lunch prices. Any school food authority may round the adjusted price of the paid lunches down to the nearest five cents.
 - (iii) Optional price increases. A school food authority may increase the average price by more than ten cents. . . ."

Cause

Management had not developed a system of internal controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls and ensure compliance related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Views of Responsible Officials

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

FINDING 2018-003

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): 14215-022-PN01, 45715-022-PN01,
14216-022-PN01, 45716-022-PN01,
14217-022-PN01, 14216-138-PN01,
45716-136-PN01, 14217-140-PN01,
45717-140-PN01, 18611-036-PN01

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 immediate prior audit report. The prior audit finding number was 2016-005.

Condition

The School Corporation was a member of the Greater Clark County Schools Special Education Cooperative, a special education cooperative, during fiscal year 2016-2017, and a member of the Madison Area Educational Special Services Unit, a special education cooperative, during fiscal year 2017-2018. The special education cooperatives operated the Special Education programs on behalf of the School Corporation.

An effective internal control system was not in place at either special education cooperative, whereby there was no evidence of oversight by the School Corporation during fiscal year 2016-2017 and fiscal year 2017-2018 in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The Greater Clark County Schools Special Education Cooperative failed to ensure that small purchase procurements were made in compliance with their locally adopted policy, as well as state laws and procedures. Small purchase procedures were not followed, which required price or rate quotations to be obtained from qualified sources. No price or rate quotations obtained for any small purchases during fiscal year 2016-2017.

In addition, the Greater Clark County Schools Special Education Cooperative did not perform any procedures to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract during fiscal year 2016-2017.

The Madison Area Educational Special Services Unit had not established a procurement policy that reflected the federal guidelines established under Uniform Guidance during fiscal year 2017-2018.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Context

The lack of controls and noncompliance, due to a lack of oversight, were systemic issues that 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). . . ."

2 CFR 200.318(a) states in part: "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. . . ."

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. . . ."

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 the SAM Exclusions; or
- (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.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Effect

The failure to establish an effective internal control system enabled material noncompliance with the grant agreement and the Procurement and Suspension and Debarment compliance.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management develop and implement procedures and 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.



CLARKSVILLE COMMUNITY SCHOOLS

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CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Dianne Lacy
Contact Phone Number: 812-282-7753

We concur with the finding, but would like to note that when the initial finding was presented in August 2018, immediate measures were taken to correct those internal controls deficiencies.

The Corporation has made procedural changes as it relates to Cash Management, Eligibility, Program Income, and Reporting compliance requirements:

Cash Management

- The Food Service Director will review on a quarterly basis the prior quarter's monthly budget and revenue reports provided by the Corporation Treasurer.
- The Food Service Director will take each month's budget figures, total them and divide them by three to get an average. That process will also be completed for the revenue figures. The averaged quarterly figures for the budget and revenue will then be placed into the following formula: *Quarterly Revenue totals - Quarterly Budget totals = 3 month average food service account balance*
- The calculation will be recorded on the quarterly reports as record of action being taken and will be filed together in a folder marked "Quarterly Review of Food Service Acct Balance."
 - If the account balance exceeds three months' expenditures, then purchases will be made for the Food Service Program (i.e. kitchen equipment, small wares, etc.)
 - If the balance doesn't exceed three months' expenditures, expenditures will be adjusted accordingly.

Eligibility

- When paper applications for Benefits Assistance are received, they will be processed by the Food Service Director and reviewed by no less than one additional Food Service Manager for accuracy prior to inputting the information into the school lunch software program for eligibility determination and vice versa. Both parties will sign off on the application in the appropriate places as listed on the application. One as Determining Official; one as a Reviewer. This procedure was put into place on April 15, 2019.

CORRECTIVE ACTION PLAN

FINDING 2018-001

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- State issued income guidelines for the current school year will be printed by the Food Service Director. These figures will then be entered into the school lunch software program and verified for accuracy by one of the Food Service Managers prior to saving the information in the program. Both parties will then sign off on the printed guidelines and that document will be kept in a folder marked "Signed Income Guidelines."


Program Income

- The Food Service Director and Corporation Treasurer will sign off on the Monthly Reconciliation Spreadsheet (transfer worksheet) upon completion and verification of supporting documents for transfer of funds from the Prepaid Lunch Fund to the School Lunch Fund. This procedure was put into place in April 2019.

Reporting

- The Food Service Director will properly identify financial activity related to program income and will send to the Corporation Treasurer for reconciling to the correct financial account in the financial ledger. Any discrepancies will be identified and corrected appropriately with the Food Service Director and Corporation Treasurer signing off on the correction.
- Prior to submission of the Annual Financial Reports, the Food Service Director will present the reports to the Corporation Treasurer for a review of accuracy. The Corporation Treasurer will sign off after reviewing.
- The Food Service Director will print off the appropriate reports from the school lunch software program for Reimbursement Claim Reporting on a monthly basis. Prior to the Food Service Director submitting this information on the Child Nutrition Program web, no less than one of the Food Service Managers will verify the accuracy of the report and both parties will sign off on it. This procedure was put into place in April 2019.
- Prior to becoming a CEP District, the Food Service Director presented the Verification Collection Reports to the CCSC food service managers for review of accuracy and sign off.

Anticipated Completion Date: The Corrective Action Plan was implemented in September 2018. Additional procedures were put into place in April 2019 and marked accordingly.



(Signature)

Corporation Treasurer

(Title)

April 18, 2019

(Date)



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CORRECTIVE ACTION PLAN

FINDING 2018-002

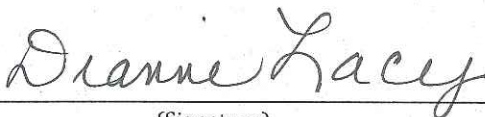
Contact Person Responsible for Corrective Action: Dianne Lacy
Contact Phone Number: 812-282-7753

We concur with the finding.

The Corporation has made procedural changes and developed a system of internal controls as it relates to the grant agreement and the Special Tests and Provisions – Paid Lunch Equity compliance requirement.

- Upon filling out the appropriate information into the PLE Tool the Food Service Director will then forward the information and the completed PLE Tool to the Superintendent for evaluation prior to submission to the appropriate agency. This usually occurs in April or May for the upcoming school year. After evaluation is complete, the Superintendent will issue an approval (sign off) to the Food Service Director for PLE Tool submission to the INDOE Nutrition Department and both will make determinations as to the amount of increase to cover the actual weighted average meal price per guidance by the criteria 2CFR section 200.303 and 7CFR 210.14(e). The Food Service Director will then submit the PLE Tool and updated meal pricing as already required by the INDOE Nutrition Department for their approval.
- As of July 2018, Clarksville Community School Corporation is now a Community Eligibility Provision (CEP) district-wide and does not charge students for breakfasts or lunches.

Anticipated Completion Date: April 2019



(Signature)

Corporation Treasurer

(Title)

April 18, 2019

(Date)



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CORRECTIVE ACTION PLAN

FINDING 2018-003

Contact Person Responsible for Corrective Action: Dianne Lacy
Contact Phone Number: 812-282-7753

We concur with the finding, but would like to note that once the finding was presented in August 2018, immediate measures were taken to correct the internal controls deficiencies.

The Corporation has made procedural changes as it relates to the grant agreement and the Procurement and Suspension and Debarment compliance requirement:

- Clarksville Community School Corporation designated Madison Area Special Services (MAESSU) as the fiscal agent to receive and manage the funding of the Special Education programs starting July 1, 2017.
- MAESSU will review vendors using the following: <http://OIG.HHS.GOV>. Documentation for this requirement will be kept at the MAESSU business office.
- MAESSU will maintain internal control over Federal programs that provide 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 the Federal program as stated in OMB Circular A-0133, subpart C, section 300.
- MAESSU will update their policies for purchasing for the current law. MAESSU has contracted for policy management with NEOLA beginning in April 2019.
- The Clarksville Community School Corporation Treasurer will be in contact with the MAESSU Business Manager to ensure that these procedures are being followed.

Anticipated Completion Date: Corrective Action Plan was originally implemented in September 2018. Policy management with NEOLA was implemented in April 2019.

Dianne Lacy

(Signature)

Corporation Treasurer

(Title)

April 18, 2019

(Date)

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on April 23, 2019, with Dianne Lacy, Treasurer; Tina Bennett, Superintendent of Schools; and William P. Wilson, President of the School Board.