

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

EASTBROOK COMMUNITY SCHOOL CORPORATION

GRANT 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	Lisa M. Baker	07-01-16 to 06-30-19
Superintendent of Schools	Brett T. Garrett	07-01-16 to 06-30-19
President of the School Board	Dan Spencer Roger A. Richards Gregory Brankle	01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-19



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TO: THE OFFICIALS OF THE EASTBROOK COMMUNITY SCHOOL
CORPORATION, GRANT COUNTY, INDIANA

This report is supplemental to our audit report of the Eastbrook 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 17, 2019

EASTBROOK COMMUNITY SCHOOL CORPORATION
FEDERAL FINDING

FINDING 2018-001

Subject: School Breakfast Program, National School Lunch Program - Eligibility
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers (or Other Identifying Numbers): FY 2015-16, FY 2016-17, FY 2017-18
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
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 compliance requirement.

The School Corporation had not designed or implemented adequate internal controls to ensure that all eligibility determinations for free and reduced price meals were correct. Applicants completed free and reduced applications either by preparing a hardcopy paper form or by entering their information online directly into the food service software used in eligibility determination. The hardcopy paper application eligibility was then determined as the Food Service Director entered the information from the paper application into the software. A kitchen manager then reviewed those particular applications. However, there was no oversight or review of the applications, which parents entered directly online into the software.

Context

The lack of controls were systemic throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

EASTBROOK COMMUNITY SCHOOL CORPORATION
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 implemented an adequate 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 at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, or 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 requirement listed above.

Views of Responsible Officials

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



EASTBROOK COMMUNITY SCHOOLS CORP.

Brett T. Garrett, Ed. S., Superintendent
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EastbrookSchools.net

CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Kathy Bernaix, Food Service Director
Lisa Baker, Business Manager

Contact Phone Number: 765-664-0624

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

Eastbrook Community Schools Board of Trustees will adopt an updated Internal Control Policy for Approving Free/Reduced Applications.

The policy requires a school employee to print all Free and Reduced Lunch applications completed on-line (without interference of an employee). An employee will be assigned the task of printing these on-line applications. The Food Service Director will review and sign all of these applications.

Anticipated Completion Date: June 1, 2019

Lisa M Baker

Signature

Business Manager
Title

April 17, 2019
Date

EASTBROOK COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on April 17, 2019, with Brett T. Garrett, Superintendent of Schools; Lisa M. Baker, Treasurer; and Gregory Brankle, President of the School Board.