

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

GREENSBURG COMMUNITY SCHOOLS

DECATUR COUNTY, INDIANA

July 1, 2016 to June 30, 2018



**FILED**  
05/22/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cindy Navarra	07-01-16 to 06-30-19
Superintendent of Schools	Thomas Hunter	07-01-16 to 06-30-19
President of the School Board	Jeff Dougan Amy Wickens Gail Rueff	07-01-16 to 06-30-17 07-01-17 to 06-30-18 07-01-18 to 06-30-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE GREENSBURG COMMUNITY SCHOOLS, DECATUR COUNTY, INDIANA

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

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

April 24, 2019

GREENSBURG COMMUNITY SCHOOLS  
FEDERAL FINDINGS

***FINDING 2018-001***

Subject: Child Nutrition Cluster - Program Income  
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): FY 16-17, FY 17-18  
Pass-Through Entity: Indiana Department of Agriculture  
Compliance Requirement: Program Income  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-006.

*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 Program Income compliance requirement. The School Corporation had not implemented adequate policies and procedures to ensure program income was properly recorded. An oversight, review, or approval process had not been established.

Monthly receipts into the prepaid food records were calculated by netting the total sales and amount of cash received. Transfers for paid meals served from prepaid food records were not completed; therefore, program income was unable to be calculated and did not agree with actual sales.

*Context*

The lack of controls and noncompliance 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). . . ."

7 CFR 210.14(c) states:

"*Financial assurances.* The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

GREENSBURG COMMUNITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

7 CFR 210.14(f)(3) states: "All revenue from the sale of nonprogram foods shall accrue to the nonprofit school food service account of a participating school food authority."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall enter into a written agreement with the State agency or the Department through the FNSRO, as applicable that may be amended as necessary. . . . Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction: . . .

(12) Maintain a financial management system as prescribed by the State agency, or FNSRO where applicable; . . ."

*Cause*

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

*Effect*

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Program Income compliance requirement.

*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 Program Income 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 2018-002**

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment  
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): FY 16-17, FY 17-18  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-005.

GREENSBURG COMMUNITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*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.

*Procurement*

The School Corporation had a procurement policy in place, but did not follow its policy. The School Corporation had three vendors who met the requirements for small purchase procedures, but no documentation of price or rate quotations was obtained.

*Suspension and Debarment*

The School Corporation did not follow its policy to ensure that vendors were not suspended or debarred from participation in federal award programs. Two of the four vendors that met the threshold were not verified to the federal website, nor was there a contract or certification to indicate the vendors were not suspended or debarred.

*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). . . ."

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."

GREENSBURG COMMUNITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

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."

*Cause*

Management had not developed 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 enabled material noncompliance 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 a system of internal 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 2018-003***

Subject: Child Nutrition Cluster - Eligibility and 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): FY 16-17, FY 17-18  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Eligibility, Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit report as it pertains to the Reporting compliance requirement. The prior audit finding number was 2016-003.

GREENSBURG COMMUNITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Condition*

The School Corporation had not established an effective system of internal controls related to the Eligibility and Reporting compliance requirements.

*Eligibility*

Free and reduced price meal applications were reviewed by one individual. There was no documented oversight, review, or approval process in place to ensure a student's eligibility was properly determined.

*Reporting*

The Annual Financial Reports, Monthly Sponsor Claims for Reimbursement, and School Food Authority (SFA) Verification Summary Reports were prepared and submitted by one individual, without a documented oversight, review, or approval process.

*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 to ensure 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. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

*Questioned Costs*

There were no questioned costs identified.

GREENSBURG COMMUNITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and the 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.



*Greensburg Community Schools*  
*1312 W Westridge Parkway. Greensburg, IN 47240*  
*Phone: (812) 663-4774 Fax: (812) 663-5713*

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## CORRECTIVE ACTION PLAN

### ***FINDING 2018-001***

Contact Person Responsible for Corrective Action: Cindy Navarra, Treasurer  
Contact Phone Number: 812-663-4774

We concur with the finding.

Description of Corrective Action Plan: Effective February 2019, the Food Service Director and the ECA Director of the High School have corrected this issue.

Anticipated Completion Date: Completed February 2019.

### ***FINDING 2018-002***

Contact Person Responsible for Corrective Action: Cindy Navarra, Treasurer  
Contact Phone Number: 812-663-4774

We concur with the finding.

Description of Corrective Action Plan: Effective in FY2017 we began implementing the use of the SAM's website or requesting a statement from the vendor to assure the vendor is not excluded or disqualified. Bids and quotes are being retained and appropriate procedures being followed.

Anticipated Completion Date: Completed FY2017.

### ***FINDING 2018-003***



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*1312 W Westridge Parkway. Greensburg, IN 47240*  
*Phone: (812) 663-4774 Fax: (812) 663-5713*

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Contact Person Responsible for Corrective Action: Cindy Navarra, Treasurer  
Contact Phone Number: 812-663-4774

We concur with the finding.

Description of Corrective Action Plan: Effective in FY2017, the Food Service Director implemented a signature page for the Bookkeeper, ECA Treasurer, and Food Service Director to sign. This ensures that all have reviewed and approve the monthly claims, the annual financial report, and the verification summaries. Effective FY2018, the Food Service Director and the Assistant Food Service Director are both reviewing the applications for free and reduced meal price applications. Both sign and date the applications and retain them in a binder for review.

Anticipated Completion Date: Completed FY2017 and FY2018.

Cindy Navarra  
(Signature)

Director of Finance  
(Title)

4-24-19  
(Date)

GREENSBURG COMMUNITY SCHOOLS  
AUDIT RESULT AND COMMENT

**PREPAID FOOD FUND**

This is a repeat comment from the immediately prior Report B51140, entitled *Prepaid Food Fund*.

The School Corporation had a prepaid food fund, Food in Trust Fund 501, at the ECA level. However, the deposits into the prepaid food fund were determined by netting the total sales for the day and the amount of cash received. There were no transfers made from the prepaid food fund to the School Lunch fund. Therefore, the receipts recorded into the prepaid food fund and the School Lunch fund were incorrect and the prepaid food fund was not being utilized correctly.

When a student puts money into their individual meal account, it should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while money is in the student's individual account, the balance should not be included in Fund 800 School Lunch. A school should set up a clearing account with the fund number of 8400 Prepaid School Lunch Accounts, which is included in Chapter 4 of the State Board of Accounts Uniform Compliance Guidelines for Indiana Public School Corporations. When a student brings in a deposit the receipt should be recorded to fund 8400 using receipt account 1630 Special Functions. After the student has charged meals, you should disburse the amount charged from 8400 using expenditure account 31900 Other Food Services and receipt this into fund 800 using the Food Services receipt accounts 1611-1623 at the time established in a written school policy to ensure accurate monthly reporting. At this point the receipts are considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis it is required that the balance of the 8400 fund be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019)

GREENSBURG COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on April 24, 2019, with Thomas Hunter, Superintendent of Schools; Cindy Navarra, Treasurer; Gail Rueff, President of the School Board; Melinda Heger, Greensburg High School Extracurricular Treasurer; Grant Peters, Greensburg High School Principal; and Connie Million, Food Service Director.