

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS

WAYNE COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
06/27/2019

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|--|--|
| Treasurer | Tyna M. Stover | 01-01-16 to 12-31-19 |
| Superintendent of Schools | Philip S. Stevenson | 07-01-16 to 06-30-20 |
| President of the School Board | Bradley J. Lambright Mark Baldwin Bradley J. Lambright | 01-01-14 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-19 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CENTERVILLE-ABINGTON COMMUNITY
SCHOOLS, WAYNE COUNTY, INDIANA

This report is supplemental to our audit report of the Centerville-Abington 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 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

May 29, 2019

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
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): FY 2016/2017, FY 2017/2018

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Eligibility, Program Income, Reporting,
Special Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

Condition

Management of the School Corporation had not established an effective internal control system to ensure compliance with requirements related to the grant agreement and the Cash Management, Eligibility, Program Income, Reporting, and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

Cash Management

The School Corporation had not established controls to ensure that the School Lunch fund monthly cash balances (net cash resources) were limited to three months average expenditures. There was no documentation of a monitoring process over the School Lunch fund cash balances (net cash resources).

Eligibility

The School Corporation had not designed internal controls to ensure that eligibility determinations entered into the School Corporation's lunch software was correct. One employee enters all of the direct certifications into the School Corporation's lunch software. An oversight, review, or approval process had not been established.

Program Income

The School Corporation had not designed internal controls to ensure that financial activity derived from student meals were properly recorded in the School Lunch fund. One employee prepared the monthly transfer from the Prepaid Lunch fund to the School Lunch fund and posted the receipt of the monthly program income into the School Lunch fund. An oversight, review, or approval process had not been established.

Reporting

The School Corporation had not designed or implemented adequate internal controls to ensure compliance with the Reporting compliance requirements. One employee was responsible for preparing and submitting the Annual Financial Report, Sponsor Claims (claim for reimbursement), and Verification Summary report. An oversight, review, or approval process had not been established.

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Special Tests and Provisions - Paid Lunch Equity

The School Corporation had not designed or implemented adequate internal controls to ensure the accuracy of the paid lunch equity calculation. One employee performed the paid lunch equity calculations using the online calculator tool without evidence of an oversight, review, or approval process.

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 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

The School Corporation's management had not implemented an adequate system of internal controls that would have ensured compliance with the compliance requirements listed above.

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. 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.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Cash Management, Eligibility, Program Income, Reporting, and Special Test and Provisions - Paid Lunch Equity compliance requirements.

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

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 2016/2017, FY 2017/2018
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Condition

Management of the School Corporation had not established an effective internal control system to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Suspension and Debarment

There were no controls in place to ensure that vendors were not suspended or debarred from participation in federal programs. The School Corporation did not perform procedures to verify that three vendors that received at least \$25,000 during both fiscal years were not suspended or debarred.

Context

The lack of effective controls and noncompliance were systemic issues 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.

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

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 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 enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in a loss of funds to the School Corporation.

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.



CENTERVILLE-ABINGTON COMMUNITY SCHOOLS

115 West South St., Centerville, Indiana 47330

Phone: (765) 855-3475 Fax: (765) 855-2524

CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Mark Campbell

Contact Phone Number: 765-855-3475

Views of Responsible Official- We concur with the finding

Description of Corrective Action Plan

Cash Management

The Three Months Average Expenditure calculation will be done per guidance from the Indiana Department of Education. Specifically, the average monthly operating expenses will be divided by the prior year expenses total (as reported on the Annual Financial Report) and multiplied by 3. The Board of Trustees will receive a quarterly lunch fund report. The report will include the three month average expenditures total. The Board of Trustees will vote on approving the report presented for consideration.

Eligibility

Once approved by our School Board, our current policy regarding eligibility determination will include internal controls over benefit issuance for all students, including those directly certified and/or receiving no benefits. The new policy will read as follows:

8501 - FOOD SERVICES - MANUAL DETERMINATION OF ELIGIBILITY AND BENEFIT ISSUANCE

The National School Lunch Program (CFR 210.18(b)(1)) states, "all free, reduced-price, and paid lunches claimed for reimbursement are served only to children for free, reduced-price, and paid lunches, respectively; and counted, recorded, consolidated and reported through a system which consistently yields correct claims".

Centerville-Abington Community Schools uses a Manual Determination of Eligibility. The auditing method for the Manual Determination of Eligibility and Benefit Issuance is described as follows:

Manually Determining Eligibility and Benefit Issuance

Centerville-Abington Community Schools will implement a second audit of eligibility determination and benefit issuance for all participants in the National School Lunch Program to be conducted on an annual basis. The second audit will be completed by an employee other than the original approver. The auditor will review twenty percent (20%) of all students enrolled in the school corporation to verify accuracy. The auditor will review every 5th student in alphabetical order until the twenty percent (20%) benchmark is reached.

Program Income

Dual control/verification of the Advanced Sales Transfer will begin with the April 2019 transfer. The Deputy Treasurer will complete the worksheets and email them to the Food Service Director for approval. The email with the approval will be printed and attached to the monthly reports for the transfer.



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Reporting

Dual control/verification of the Monthly Claim to DOE will begin with the April 2019 Claim. The Deputy Treasurer will complete the claim and email the Food Service Director for approval. The email with the approval will be printed and attached to the monthly reports for the transfer.

Dual control/verification of the Annual Financial Report (AFR) will begin during school year 2019-2020. The Deputy Treasurer will complete the AFR worksheet on the DOE website and email the Food Service Director for approval. The email with the approval will be printed and attached to the AFR.

Dual control/verification of the Verification Summary Report will begin during school year 2019-2020. The Administrative Assistant will input all data on the DOE website and email the Food Service Director for approval. The email with the approval will be printed and attached to the Verification Summary Report.

Special Tests and Provisions

Dual control/verification of the Paid Lunch Equity (PLE) tool will begin during school year 2019-2020. The Food Service Director will prepare the PLE tool using the provided DOE spreadsheet. All reports and tool will be sent to the Assistant Superintendent to review for accuracy. The determination for future lunch pricing will be discussed by the Food Service Director and Assistant Superintendent and presented to the School Board.

Anticipated Completion Date:

April 2019 and the start of school year 2019-2020.

FINDING 2018-002

Contact Person Responsible for Corrective Action: Mark Campbell

Contact Phone Number: 765-855-3475

Views of Responsible Official- We concur with the finding

Description of Corrective Action Plan

Internal controls for Procurement and Suspension and Debarment of vendors of the National School Lunch Program will be as follows:

Prior to the beginning of the school year, The Food Service Director will compile a list of all vendors to be used by the Food Service Department. The Food Service Director will access the General Services Administration webpage and check for System of Award Management (SAM) exclusions for all vendors on an annual basis. The SAM documents will be printed and attached to the vendor list for the school year. The SAM documents and list will be sent to the Assistant Superintendent for verification.

Anticipated Completion Date:

April 2019 and the start of school year 2019-2020.



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Waf Campbell

Signature

Assistant Superintendent

Title

May 23, 2019

Date

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on May 29, 2019, with Tyna M. Stover, Treasurer; Pam Haager, Deputy Treasurer; Philip S. Stevenson, Superintendent of Schools; Mark Campbell, Assistant Superintendent of Schools; Andy Wandersee, School Board member; and Todd Duke, School Board member.