

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

VALPARAISO COMMUNITY SCHOOLS

PORTER COUNTY, INDIANA

July 1, 2017 to June 30, 2019



FILED
02/19/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer/Chief Financial Officer	Sharon Qualkenbush	07-01-17 to 06-30-20
Superintendent of Schools	Dr. E. Ric Frataccia Dr. Julie Lauck	07-01-15 to 02-28-18 03-01-18 to 06-30-20
President of the School Board	Paul Knauff Jennifer Bognar Dr. Robert Behrend	07-01-17 to 06-30-18 07-01-18 to 06-30-19 07-01-19 to 06-30-20



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE VALPARAISO COMMUNITY SCHOOLS, PORTER COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the Valparaiso Community Schools (School Corporation), for the period of July 1, 2017 to June 30, 2019, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated January 30, 2020, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

January 30, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF THE VALPARAISO COMMUNITY SCHOOLS, PORTER COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Valparaiso Community Schools' (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2017 to June 30, 2019. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2017 to June 30, 2019.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001, that we consider to be a material weakness.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2017 to June 30, 2019, and the related notes to the financial statement. We issued our report thereon dated January 30, 2020, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with U.S. Generally Accepted Accounting Principles, and an unmodified opinion was issued regarding the presentation in accordance with the Regulatory Basis of Accounting. Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.

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

January 30, 2020

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

VALPARAISO COMMUNITY SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2018 and 2019

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 17-18, FY 18-19	\$ -	\$ 182,060	\$ -	\$ 140,240
National School Lunch Program	Indiana Department of Education	10.555					
2017-2018 National School Lunch Program			FY 17-18, FY 18-19	-	1,043,892	-	-
2018-2019 National School Lunch Program			FY 17-18, FY 18-19	-	-	-	831,880
National School Lunch Program - Commodities			FY 17-18, FY 18-19	-	180,753	-	182,815
				<u>-</u>	<u>1,224,645</u>	<u>-</u>	<u>1,014,695</u>
Total - National School Lunch Program				-	1,224,645	-	1,014,695
Summer Food Service Program for Children	Indiana Department of Education	10.559					
2017-2018 Summer Food Service Program			FY 17-18, FY 18-19	-	87,588	-	-
2018-2019 Summer Food Service Program			FY 17-18, FY 18-19	-	-	-	86,726
				<u>-</u>	<u>-</u>	<u>-</u>	<u>86,726</u>
Total - Summer Food Service Program for Children				-	87,588	-	86,726
Total - Child Nutrition Cluster				-	1,494,293	-	1,241,661
Total - Department of Agriculture				-	1,494,293	-	1,241,661
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
FY 2016 Federal Part B 611 Grant			14216-089-PN01	-	3,806	-	-
FY 2017 Federal Part B 611 Grant			14217-048-PN01	-	273,302	-	5,025
FY 2018 Federal Part B 611 Grant			18611-048-PN01	-	1,076,076	-	253,761
FY 2019 Federal Part B 611 Grant			19611-048-PN01	-	-	-	1,044,464
				<u>-</u>	<u>-</u>	<u>-</u>	<u>1,044,464</u>
Total - Special Education Grants to States				-	1,353,184	-	1,303,250
Special Education Preschool Grants	Indiana Department of Education	84.173					
FY 2017 Federal Part B 619 Grant			45717-048-PN01	-	851	-	-
FY 2018 Federal Part B 619 Grant			18619-048-PN01	-	34,953	-	304
FY 2019 Federal Part B 619 Grant			19619-048-PN01	-	-	-	35,267
				<u>-</u>	<u>-</u>	<u>-</u>	<u>35,267</u>
Total - Special Education Preschool Grants				-	35,804	-	35,571
Total - Special Education Cluster (IDEA)				-	1,388,988	-	1,338,821

VALPARAISO COMMUNITY SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2018 and 2019

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
2016-2017 Title I Basic			S010A150014	-	149,415	-	-
2017-2018 Title I Basic			S010A150014	-	452,361	-	239,890
2018-2019 Title I Basic			S010A180014	-	-	-	390,586
Total - Title I Grants to Local Educational Agencies				-	601,776	-	630,476
Title I State Agency Program for Neglected and Delinquent Children and Youth	Indiana Department of Education	84.013					
2016-2017 Title I Part D			S010A150014	-	17,645	-	-
2017-2018 Title I Part D			S010A150014	-	27,077	-	11,773
2018-2019 Title I Part D			S010A150014	-	-	-	28,887
Total - Title I State Agency Program for Neglected and Delinquent Children and Youth				-	44,722	-	40,660
English Language Acquisition State Grants	Indiana Department of Education	84.365					
2015-2017 Title III			01116-082-PN01	-	4,820	-	-
2016-2018 Title III			01117-079-PN01	-	28,779	-	5,638
2017-2019 Title III			01118-077-PN01	-	7,829	-	7,822
2018-2020 Title III			S365A180014	-	-	-	3,326
Total - English Language Acquisition State Grants				-	41,428	-	16,786
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
2015-2017 Title II Part A			S367A150015	-	7,980	-	-
2016-2018 Title II Part A			S367A160013	-	91,433	-	7,346
2017-2019 Title II Part A			S367A170013	-	18,365	-	77,219
2018-2020 Title II Part A			S367A180013	-	-	-	24,959
Total - Supporting Effective Instruction State Grants				-	117,778	-	109,524
Total - Department of Education				-	2,194,692	-	2,136,267
Total federal awards expended				\$ -	\$ 3,688,985	\$ -	\$ 3,377,928

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

VALPARAISO COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2018 and 2019. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 2. Indirect Cost Rate

The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Special Education Cooperative

The School Corporation is a member of a Special Education Cooperative (Cooperative). As a result, some activity for the Special Education Cluster (IDEA) that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

VALPARAISO COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies	Unmodified Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2019-001

Subject: Title I Grants to Local Educational Agencies - Allowable Cost/Cost Principles
 Federal Agency: Department of Education
 Federal Program: Title I Grants to Local Educational Agencies
 CFDA Number: 84.010
 Federal Award Numbers and Years (or Other Identifying Numbers): S010A150014, S010A180014
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirement: Allowable Costs/Cost Principles
 Audit Findings: Material Weakness, Other Matters

VALPARAISO COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The School Corporation had not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

The School Corporation failed to comply with the allowable costs/cost principle requirements that employees who work 100 percent of their time on a federal award maintain semiannual certifications as required by the pass-through agency, and that employees who work on a federal award and a non-federal award have Program Activity Reports or equivalent documentation to support the distribution of their salaries or wages.

A portion of the Principal/Title I Director's salary was paid from the federal award. Personnel Activity Reports or equivalent documentation were not maintained for fiscal year 2017-2018 for the portion of the director's salary and related costs paid from the grant. Reports or equivalent documentation for 2018-2019 were maintained; however, the documentation did not properly support the amount of payroll and related costs paid from the grant.

Due to the lack of adequate documentation, it could not be determined whether \$11,033 of payroll and related costs were in accordance with allowable costs requirements.

Additionally, there were three full-time Title I teachers who worked 100 percent on Title I cost objectives, whose time was not supported by semiannual certifications. Semiannual certifications were required by the pass-through agency.

The lack of controls were systemic issues. The required supporting documentation (Personnel Activity Reports, Semi-Annual Certifications, or equivalent documentation) for 4 of 23 employees tested was not maintained properly.

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 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .

VALPARAISO COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(g) Be adequately documented. . . ."

2 CFR 200.430(i) states in part:

"Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Indiana Department of Education Onsite Fiscal Monitoring Document - Monitoring Topic 1-Compliance with compensation for personnel services requirements, page 2 states:

"Show evidence that personnel in 'split-funded' positions maintain Program Activity Reports (PAR)/Time and Effort logs and evidence that personnel paid 100% with federal funds complete accurate and timely 'Semi-Annual Certification' forms."

Cause

The School Corporation's management had not developed an effective system of internal controls that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

Known questioned costs of \$11,033 were identified.

Recommendation

We recommended that the School Corporations' management establish controls to ensure compliance and comply with the Allowable Costs/Cost Principles compliance requirement.

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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AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-001 ACTIVITIES ALLOWED/ALLOWABLE COSTS AND PROGRAM INCOME

Fiscal year in which the finding initially occurred: 2017
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE
Contact Person Responsible for Corrective Action: Kathleen Kane, Director of School Nutrition
Contact Phone Number: 219-531-3050

Status of Audit Finding:

Beginning April 2018, the Bookkeeper prepares and signs the daily program income transmittals. The Director or designee reviews for accuracy and signs. The control is monitored by the Business Office who returns to the food service office any transmittals without proper signatures. Only properly signed transmittals are receipted.


Beginning April 2018, Time sheets for employees charged to the 0800 fund not processed by the food service office are sent to the Bookkeeper and Director with a payroll report. Both the Bookkeeper and Director review and sign the report. Any discrepancies are reported to the Chief Financial Officer.



(Signature)



(Title)



(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)





SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-002 CASH MANAGEMENT

Fiscal year in which the finding initially occurred: 2017

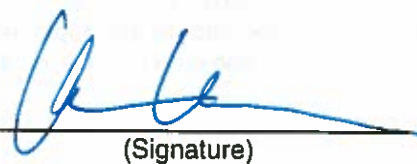
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE

Contact Person Responsible for Corrective Action: Kathleen Kane, Director of School Nutrition

Contact Phone Number: 219-531-3050

Status of Audit Finding:

Beginning August 2018, the Bookkeeper prepares a monthly cash balance report to determine if the cash balance exceeds the total for the average of three months expenditures. The Director reviews and signs the report and forwards to the Chief Financial Officer for signature.



(Signature)



(Title)



(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-003 EQUIPMENT, SPECIAL TESTS AND PROVISIONS

Fiscal year in which the finding initially occurred: 2017
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE
Contact Person Responsible for Corrective Action: Kathleen Kane, Director of School Nutrition
Contact Phone Number: 219-531-3050

Status of Audit Finding:

Beginning August 2018, the Business Office reviews the capital asset records following data entry.


Beginning July 2017, the PLE tool calculations are prepared and reviewed by two people in the food service office before submitting to IDOE and before recommending price increases to the Board of Education.



(Signature)



(Title)



(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-004

Fiscal year in which the finding initially occurred: 2017

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE

Contact Person Responsible for Corrective Action: Kathleen Kane, Director of School Nutrition

Contact Phone Number: 219-531-3050

Status of Audit Finding:

Beginning September 2018, all small purchases comply with federal procurement requirements. An annual file is maintained with all quotes and a summary report is prepared by the Office Clerk and reviewed by the Director.

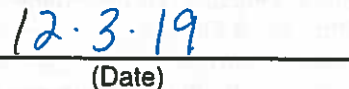
The Office Clerk checks all vendors with contracts in excess of \$25,000 for SAM exclusions and for receipt of signed certification form from the vendor. The Office Clerk prepares a summary report of these suspension and disbarment checks and forwards to the Director for signature.



(Signature)



(Title)



(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).

VALPARAISO COMMUNITY SCHOOLS



Office of the Superintendent

**Administration Building
3801 North Campbell Street
Valparaiso, Indiana 46385**

**Telephone: (219) 531-3000
FAX: (219) 531-3009**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-005 SPECIAL EDUCATION CLUSTER REPORTING

Fiscal year in which the finding initially occurred: 2017
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: IT Data Manager
Contact Phone Number: 219-531-3000

Status of Audit Finding:

Source documents were reviewed prior to submission of the reports. The Termination report was reviewed by the Assistant Superintendent prior to submission. The Discipline Report source documents and rosters were reviewed by the principals of each building prior to submission.

Sharon Qualtrick
(Signature)

CFO
(Title)

December 2, 2019
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-006 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 07-01/15 -06/31/17

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Director through September 3, 2019 Calli Dado (219) 531-3030 cdado@valpo.k12.in.us Current Director as of September 3, 2019 Judy Malasto (219) 531-3000 jmalasto@valpo.k12.in.us

Status of Audit Finding:

Eligibility- Group/Area

The Title I Director verified and signed off on the grant's Eligible School Summary page indicating that enrollment and poverty data are correct upon the signing of the action plan on April 18, 2018.

Eligibility- Individual

The corrective action plan was shared with Title I staff and proper internal controls have been implemented and followed to ensure student eligibility for Title I Services. All schools including Central Elementary submit selection lists to the building principal and the Director of Title I services. The building principal and the Director of Title I review and sign off on the selection lists. The selection documents are retained by the Director of Title I. As of August 2018 (the 2018-2019 school year), all schools receiving Title I funds are school-wide.

Suspension and Debarment

The following statement was added to vendor contracts upon the signing of the action plan on April 18, 2018: "By signing this contract, the vendor certifies it has not been suspended or debarred from participation in federal programs." The following statement was added to vendor P.O. beginning January

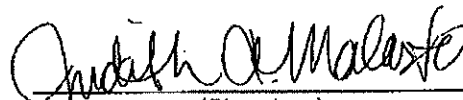
of 2020: "By accepting this purchase order, the vendor certifies it has not been suspended or debarred from participation in federal programs."

Special Tests and Provisions- Annual Report Card, HS Grad Rate

A new transfer form was created and implemented as of August 2018 (the 2018-2019 school year). The Valparaiso High School Principal or Associate Principal review the documentation verifying completion and sign the transfer out form.

Special Tests and Provisions - Assessment System Security

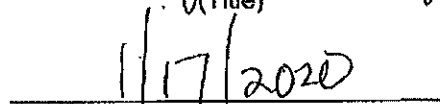
Building principals maintain a list of all staff to certify that all staff members have completed and signed off on the IDOE Testing Security and Integrity Agreements. A copy of both documents is retained in a secure location at each building. In the 2018-2019 school year, the elementary corporation test coordinator collected the elementary control charts and the Testing Security and Integrity Agreements for all eight elementary buildings, and retained the documents in the secured assessment storage area in the administrative building. In the 2018-2019 school year, Benjamin Franklin Middle School documents were submitted to the secondary corporation test coordinator and were retained in the secured assessment storage area in the administrative building. Thomas Jefferson Middle School and Valparaiso High School documents were collected during the 2019-2020 school year for 2018-2019 and retained in the secured assessment storage area in the administrative building. As of September 3, 2019, the Director of Grants and Assessment collected all documents and signed off on the control charts for the 2019-2020 school year documents.



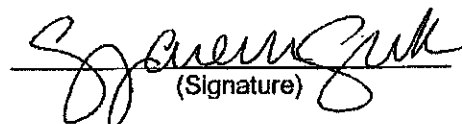
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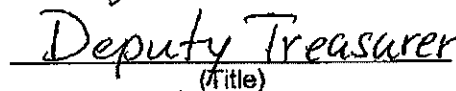
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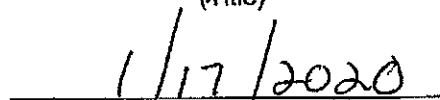
(Date)



(Signature)



(Title)



(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



CORRECTIVE ACTION PLAN

FINDING 2019-001

Contact Person Responsible for Corrective Action:

Director of Title I; Judy Malasto

Contact Phone Number:

219-531-3000

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The school corporation will establish an effective internal control system related to the grant agreement and the allowable cost principle compliance requirements by maintaining appropriate records of time for the Title I director and full-time Title I teachers.

The Title I Director will use the time and effort log and all full-time Title I teachers who work 100% of their time in Title I will use the Semi-Annual Certification document.

Both documents had previously been created by Valparaiso Community Schools and are attached.

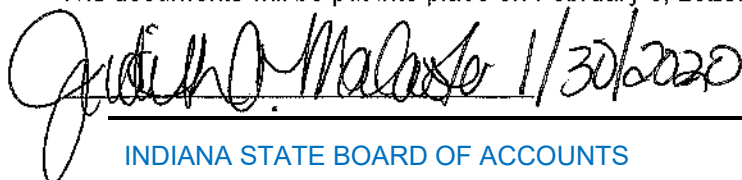
The Title I Director will submit the time and effort log with a signature to the VCS Deputy Treasurer prior to each pay period. The Deputy Treasurer will sign-off on the document and the document will be retained in the Title I files in the Central Administrative Office in accordance with Indiana Code and Federal regulations for records retention. A copy will also be submitted to VCS payroll and will be retained in their office in accordance with Indiana Code and Federal regulations for records retention. Payroll will process pay for the Title I Director from the grant in accordance with the time sheet submitted.

All full-time Title I staff will submit the semi-annual certification document on the last day of the 6th month window or upon working their last scheduled day within the window to the Title I Director. The Title I Director will sign-off on the document and the document will be retained in the Title I files in the Central Administrative Office in accordance with Indiana Code and Federal regulations for records retention. A copy will also be submitted to VCS payroll and will be retained in their office in accordance with Indiana Code and Federal regulations for records retention.

The Title I Director will train all new staff on this procedure within the 1st week of each school year. Additionally, should there be a change in the Title I Director the Deputy Treasurer will provide a copy of this action plan and train the new Director in the procedure within two week of employment.

Anticipated Completion Date:

The documents will be put into place on February 3, 2020.

A handwritten signature in black ink, appearing to read 'Judy Malasto', with the date '1/30/2020' written next to it.

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.