

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

HAMILTON SOUTHEASTERN SCHOOLS

HAMILTON COUNTY, INDIANA

July 1, 2017 to June 30, 2019



FILED
03/10/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Michael Reuter Cecilie Nunn	07-01-17 to 12-31-19 01-01-20 to 12-31-20
Superintendent of Schools	Dr. Allen Bourff	07-01-17 to 06-30-21
President of the School Board	Matthew Burke Mike Bottorff Sylvia Shepler Michelle Fullhart	01-01-17 to 12-31-18 01-01-19 to 05-30-19 06-01-19 to 07-23-19 07-24-19 to 12-31-20



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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 HAMILTON SOUTHEASTERN SCHOOLS, HAMILTON 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 Hamilton Southeastern 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 9, 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 9, 2020, except for the Schedule of Expenditures
of Federal Awards, for which the date is February 26, 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 HAMILTON SOUTHEASTERN SCHOOLS, HAMILTON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Hamilton Southeastern 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)

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.

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.

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)

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 9, 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, CPA
State Examiner

February 26, 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.

HAMILTON SOUTHEASTERN 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
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast			FY 17-18	\$ -	\$ 182,480	\$ -	\$ -
School Breakfast			FY 18-19	-	-	-	198,625
Total - School Breakfast Program				-	182,480	-	198,625
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch			FY 17-18	-	1,980,569	-	-
School Lunch			FY 18-19	-	-	-	2,002,605
Commodities			FY 17-18	-	649,312	-	-
Commodities			FY 18-19	-	-	-	640,192
Total - National School Lunch Program				-	2,629,881	-	2,642,797
Total - Child Nutrition Cluster				-	2,812,361	-	2,841,422
Total - Department of Agriculture				-	2,812,361	-	2,841,422
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Education Part B FY 2017			14217-098-PN01	-	867,778	-	-
Special Education Part B FY 2018			18611-099-PN01	-	2,791,333	-	688,837
Special Education Part B FY 2019			19611-099-PN01	-	-	-	2,883,367
Total - Special Education Grants to States				-	3,659,111	-	3,572,204
Special Education Preschool Grants	Indiana Department of Education	84.173					
Special Education Preschool FY 2018			18619-99-PN01	-	81,362	-	-
Special Education Preschool FY 2019			19619-099-PN01	-	-	-	86,700
Special Education Preschool FY 2017			45717-098-PN01	-	1,488	-	-
Total - Special Education Preschool Grants				-	82,850	-	86,700
Total - Special Education Cluster (IDEA)				-	3,741,961	-	3,658,904

HAMILTON SOUTHEASTERN 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					
Title I 2017 - 2018			S010A150014	-	362,120	-	65,242
Title I 2016-2017			S010A150014	-	90,878	-	-
Title I 2018-2019			S010A180014	-	-	-	343,539
Total - Title I Grants to Local Educational Agencies				-	452,998	-	408,781
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III 2015-2017			01116-026-PN01	-	10,971	-	-
Title III 2016-2018 Immigrant Influx			01117-001-FLUX	-	12,745	-	-
Title III 2016-2018			01117-025-PN01	-	51,419	-	12,788
Title III 2017-2019 Immigrant Influx			01118-004-FLUX	-	-	-	14,995
Title III 2017-2019			01118-024-PN01	-	32,221	-	49,966
Title III 2018-2020			01119-027-PN01	-	-	-	43,411
Total - English Language Acquisition State Grants				-	107,356	-	121,160
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Part A FY 2018			7000-S367A180013	-	-	-	37,627
Title II Part A Summer of eLearning FY17			A58-7-17CI-4340	-	15,423	-	-
Title II Part A FY 2015			S367A150015	-	16,362	-	-
Title II Part A FY 2016			S367A160013	-	53,699	-	285
Title II Part A FY 2017			S367A170013	-	78,098	-	140,462
Total - Supporting Effective Instruction State Grants				-	163,582	-	178,374
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV Part A FY18			S424A180015	-	-	-	29,130
Total - Student Support and Academic Enrichment Program				-	-	-	29,130
Total - Department of Education				-	4,465,897	-	4,396,349
Total federal awards expended				\$ -	\$ 7,278,258	\$ -	\$ 7,237,771

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

HAMILTON SOUTHEASTERN 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.

HAMILTON SOUTHEASTERN 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:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies Special Education Cluster (IDEA)	Unmodified 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.

HAMILTON SOUTHEASTERN SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2019-001

Subject: Child Nutrition Cluster - Cash Management, Eligibility, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)
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 2017-2018, FY 2018-2019
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Cash Management, Eligibility, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2017-001.

Condition and Context

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 Cash Management, Eligibility, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Cash Management

No documented analyses or reviews of cash balances and cash activities were available for audit that would ensure that the cash balances that relate to the cash management requirement were monitored and evaluated for compliance. The School Lunch fund balance was not being reviewed to verify it was below the three month average expenditure amount.

Eligibility

There was no documented control to ensure that the eligibility parameters entered into the computer system for eligibility determination were correct. All applications are processed through the School Corporation's cafeteria software. The information is inputted by the student's parents, and the software determines the eligibility with the parameters inputted. Eligibility parameters were entered into the system by one employee without oversight or review of the information entered. The School Corporation also received paper applications, and these were manually entered into the system without review for errors in regards to the data entry of the information of the applications.

Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

The Food Service Director completed the verifications of free and reduced price applications without a documented and effective oversight, review, or approval process to ensure the accuracy.

The lack of controls was a systemic issue, which occurred throughout the audit period.

HAMILTON SOUTHEASTERN SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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). . . ."

Cause

The School Corporation's management had not developed a system of internal controls to ensure compliance with 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 listed above.

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 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.

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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.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-001

Fiscal year in which the finding initially occurred: July 1, 2015 to June 30, 2017
Pass-Through Entity, Indiana Department of Education
Contact Person Responsible for Corrective Action: Michael Reuter, CFO
Contact Phone Number:317-594-4100

Status of Audit Finding:

Subject: Child Nutrition Cluster - Cash Management, Eligibility, Reporting,
Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP),
Special Tests and Provisions - Paid Lunch Equity, Special Tests and Provisions - School Food
Accounts

Views of Responsible Officials:

The Food Service Department established the following controls in response to finding 2017-001:

Cash Management:

Per Net Cash Resources requirements, a cash balance monitoring form has been utilized to document analysis and review of the cash balance for the Food Service Department. The Food Service Administrative Assistant prepares and date the form and the Director of Food Service reviews the form, signs and dates.

Eligibility:

A form was developed to document the review of the eligibility parameters entered into the computer system for eligibility determination. The Assistant Director of Food Service does the initial review and the Director of Food Service approves the form.



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Reporting:

Annual Financial Report-

The Accounting Supervisor provides the accounting information necessary to complete the Annual Financial Report to the Assistant Director and Director of Food Service. The Assistant Director of Food Service inputs the information into the Annual Financial Report and the Director of Food Service reviews the reported information gives the final approval. The report is printed and the Assistant Director of Food Service signs and dates as *prepared by* and the Director of Food Service signs and dates as *approved by* to document the internal review and approval.

Monthly Sponsor Claim-

The Food Service Administrative Assistant will prepare the monthly sponsor claim, the Director of Food Service reviews and completes the final submission. The summary report is printed and the Food Service Administrative Assistant will signs and dates as *prepared by* and the Director of Food Service will signs and dates as *approved by* to document internal review and approval.

School Food Authority Verification Collection Report.

The Assistant Director of Food Service prepares and inputs the Verification collection report and the Director of Food Service reviews the reported information and completes the final submission. The summary page is printed and the Assistant Director of Food Service signs and dates as *prepared by* and the Director of Food Service signs and dates as *approved by* to document internal review and approval.

Special Tests and Provisions-Verification of Free and Reduced Price Applications (NSLP) and Paid Lunch Equity:

Verification of Free and Reduced Price Applications-

The Assistant Director of Food Service and the Director of Food Service both review the applications chosen for verification and initial, documenting calculations were reviewed and are accurate.

Paid Lunch Equity-

The Paid Lunch Equity calculator will be prepared by the Assistant Director of Food Service then reviewed by the Director of Food Service to ensure the calculations are accurate. A printed copy of the final calculations is signed and dated by the Assistant Director of Food Service as *prepared by* and the Director of Food Service as *approved by*.



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Special Tests and Provisions-School Food Accounts

The Accounting Supervisor provides a receipt to the Food Service Administrative Assistant documenting the monthly reimbursement funds that has been deposited into the Food Service account. The Director of Food Service compares the receipt to the monthly claim report, initials and dates the receipt to ensure that the correct amounts were received and recorded. The initialed/dated receipt is filed with the monthly claim report.



(Signature)_[jc:1]

CFO
(Title)

12-5-19
(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 2017-002

Fiscal year in which the finding initially occurred: July 1, 2015 to June 30, 2017
Pass-Through Entity, Indiana Department of Education
Contact Person Responsible for Corrective Action: Michael Reuter, CFO
Contact Phone Number:317-594-4100

Status of Audit Finding:

Subject: Special Education Cluster (IDEA) - Reporting

The Special Education Department established the following controls in response to finding 2017-002:

This applies to all data reports. The data required for each report is being pulled from the student management system by the HSE Data Analyst staff. These reports are forwarded to the appropriate building level administrator(s) and/or Central Office administrator(s) for review and approval. A form has been developed for signature to confirm review and approval of the data included in each report. The appropriate administrator signs off on the form and returns it to the Data Analyst staff. Once this signed form is received, the Data Analyst staff submits the report as required. The signature form is preserved with the data report.



(Signature)_[jc1]

CFO
(Title)

12-5-19
(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 2017-003

Fiscal year in which the finding initially occurred: July 1, 2015 to June 30, 2017
Pass-Through Entity, Indiana Department of Education
Contact Person Responsible for Corrective Action: Michael Reuter, CFO
Contact Phone Number:317-594-4100

Status of Audit Finding:

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment

The Special Education Department has established the following controls in response to finding 2017-003:

The Department of Exceptional Learners (Special Education) has developed a form that is used by teachers requesting orders for items or services totaling \$3,500 or more in a school year. The form, along with quotes and any other applicable details, is attached to the order requisition, which will then be submitted to the Director of Exceptional Learners for approval. After it is approved by the Director, the quotes from non-winning and winning vendors are retained by the Department of Exceptional Learners. The selected quote are attached to the order information that is submitted to accounting to generate a purchase order.

Anticipated Completion Date: November 29, 2018.


(Signature)_[jc:1]

CFO
(Title)

12-5-19
(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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CORRECTIVE ACTION PLAN

Contact Person Responsible for Corrective Action: Cecilie Nunn
Contact Phone Number: 317-594-4100

FINDING 2019-001

Subject: Child Nutrition Cluster - Cash Management, Eligibility, Special Tests and Provisions - Verification of Free and Reduced-Price Applications (NSLP)

We concur with this repeat finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2017-001.

Views of Responsible Officials:

The Food Service Department has established the following controls in response to findings 2017-001 and 2019-001:

Cash Management:

A cash balance monitoring form has been developed to document analysis and review of the cash balance for the Food Service Department. The Food Service Administrative Assistant prepares and dates the form and the Director of Food Service reviews the form then signs and dates. This process has been in place since January 2019.

Eligibility:

A form has been developed to document the review of the eligibility parameters entered into the computer system for eligibility determination. The Assistant Director of Food Service completes the initial review and the Director of Food Service completes the final approval of the form. This process has been in place since June 2019.

Special Tests and Provisions-Verification of Free and Reduced-Price Applications (NSLP):

The Assistant Director of Food Service and the Director of Food Service both review and initial the applications chosen for verification documenting calculations are reviewed and are accurate. This process has been in place since October 2019.

Completion Date: February 24, 2020.



(Signature
CFO
(Title)
February 20, 2020
(Date)

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/>.