

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

LAKE RIDGE SCHOOLS

LAKE COUNTY, INDIANA

July 1, 2017 to June 30, 2019



FILED
03/12/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Edward R. Sopko Chris Akers	07-01-17 to 09-31-18 10-01-18 to 06-30-20
Superintendent of Schools	Dr. Sharon Johnson-Shirley	07-01-17 to 06-30-20
President of the School Board	Glenn Johnson	07-01-17 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 LAKE RIDGE SCHOOLS, LAKE 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 Lake Ridge 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 December 9, 2019, 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001 and 2019-002, that we consider to be material weaknesses.

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

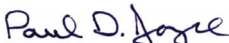
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001 and 2019-002.

Lake Ridge Schools' Response to Findings

The School Corporation's response to the 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 the financial statement and, accordingly, we express no opinion on it.

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

December 9, 2019, except for our report on the Schedule of Expenditures
of Federal Awards, for which the date is February 18, 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 LAKE RIDGE SCHOOLS, LAKE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Lake Ridge 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 2019-004. 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 items 2019-003, 2019-004, and 2019-005, that we consider to be material weaknesses.

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 December 9, 2019, 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 18, 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.

LAKE RIDGE 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 10.553	2017-2018 2018-2019	\$ - -	\$ 462,930 -	\$ - -	\$ - 431,187
Total - School Breakfast Program				-	462,930	-	431,187
National School Lunch Program	Indiana Department of Education	10.555 10.555	2017-2018 2018-2020	- -	1,061,592 -	- -	- 1,005,455
Commodities				-	158,513	-	172,989
Total - National School Lunch Program				-	1,220,105	-	1,178,444
Total - Child Nutrition Cluster				-	1,683,035	-	1,609,631
Child and Adult Care Food Program							
School Supper Reimbursement	Indiana Department of Education	10.558 10.558	2017-2018 2018-2019	- -	53,883 -	- -	- 58,149
Total - Child and Adult Care Food Program				-	53,883	-	58,149
Child Nutrition Discretionary Grants Limited Availability	Indiana Department of Education	10.579	2018-2019	-	-	-	29,871
Fresh Fruit and Vegetable Program	Indiana Department of Education	10.582 10.582	2017-2018 2018-2019	- -	54,032 -	- -	- 51,890
Total - Fresh Fruit and Vegetable Program				-	54,032	-	51,890
Total - Department of Agriculture				-	1,790,950	-	1,749,541
Department of Education							
School Improvement Grants							
Title I-1003(g) School Improvement Grant- Lake Ridge Middle School	Indiana Department of Education	84.377	SIG 1003(g)	-	66,426	-	-
Title I-1003(g) School Improvement Grant- Hosford Park Elementary School		84.377	SIG 1003(g)	-	63,093	-	-
Title I-1003(g) School Improvement Grant- Hosford Park Elementary School		84.377	SIG 1003(g)	-	72,966	-	-
Title I-1003(g) School Improvement Grant- Hosford Park Elementary School		84.377	SIG 1003(g)	-	-	-	112,498
Title I-1003(g) School Improvement Grant- Hosford Park Elementary School		84.377	SIG 1003(g)	-	-	-	107,670
Title I-1003(g) School Improvement Grant- Lake Ridge Middle School		84.377	SIG 1003g	-	72,257	-	128,524
Total - School Improvement Grants				-	274,742	-	348,692
Special Education Cluster (IDEA)							
Special Education Grants to States							
IDEA FY 2016	Indiana Department of Education	84.027	14216-045-PN01	-	2,110	-	-
IDEA FY 2017		84.027	14217-045-PN01	-	137,629	-	-
IDEA FY 2018		84.027	18611-045-PN01	-	424,766	-	63,187
IDEA FY 2019		84.027	19611-045-PN01	-	-	-	407,084
Total - Special Education Grants to States				-	564,505	-	470,271
Special Education Preschool Grants							
Pre-School FY 2018	Indiana Department of Education	84.173	18619-045-PN01	-	5,184	-	6,954
Pre School FY 2019		84.173	19619-045-PN01	-	-	-	6,017
Pre-School FY 2017		84.173	45717-045-PN01	-	6,228	-	-
Total - Special Education Preschool Grants				-	11,412	-	12,971
Total - Special Education Cluster (IDEA)				-	575,917	-	483,242

LAKE RIDGE 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
Adult Education - Basic Grants to States	Center of Workforce Innovations						
Adult Basic Education		84.002	2016/2017-8013	-	45,090	-	-
Adult Basic Education		84.002	2017/2018-8013	-	-	-	58,282
Total - Adult Education - Basic Grants to States				-	45,090	-	58,282
Title I Grants to Local Educational Agencies	Indiana Department of Education						
Title I-1003(a) School Improvement Grant- Lake Ridge Middle School		84.010	18-4650	-	-	-	13,328
Title I-1003(a) School Improvement Grant- Hosford Park Elementary School		84.010	17-4650	-	106,329	-	-
Title I Basic Grant 16/17		84.010	17-4650	-	186,327	-	-
Title I Basic Grant 17/18		84.010	18-4650	-	469,910	-	683,594
Title I Basic Grant 18/19		84.010	19-4650	-	-	-	818,188
Total - Title I Grants to Local Educational Agencies				-	762,566	-	1,515,110
Twenty-First Century Community Learning Centers	Indiana Department of Education						
21st Century Community Learning Centers		84.287	2016-2017	-	86,183	-	-
21st Century Community Learning Centers		84.287	2017 Supplemental	-	69,617	-	-
21st Century Community Learning Centers		84.287	2017-2018	-	96,821	-	43,479
21st Century Community Learning Centers		84.287	2018-2019	-	-	-	143,490
Total - Twenty-First Century Community Learning Centers				-	252,621	-	186,969
English Language Acquisition State Grants	Indiana Department of Education						
Title III Part A 16/18		84.365	2016-2018	-	5,646	-	924
Title III Part A 17/19		84.365	2017-2019	-	1,199	-	8,169
Total - English Language Acquisition State Grants				-	6,845	-	9,093
Supporting Effective Instruction State Grants	Indiana Department of Education						
Title II Part A 16/18		84.367	17-4650	-	92,555	-	20,072
Title II Part A 17/19		84.367	18-4650	-	-	-	45,360
Total - Supporting Effective Instruction State Grants				-	92,555	-	65,432
Student Support and Academic Enrichment Program	Indiana Department of Education						
Title IV Part A Student Support & Academic Enrichment		84.424	S424A170015	-	-	-	56,996
Total - Department of Education				-	2,010,336	-	2,723,816
Department of Health and Human Services							
Head Start	Geminus Corporation						
Project Head Start		93.600	2019 PY	-	-	-	246,161
Project Head Start		93.600	2017-2018 PY	-	557,382	-	-
Project Head Start		93.600	2018-2019 PY	-	182,966	-	559,005
Project Head Start		93.600	FY2017 PY	-	5,643	-	-
Project Head Start		93.600	FY2017 PY	-	34,540	-	-
Project Head Start		93.600	FY2018 PY	-	20,722	-	13,818
Project Head Start		93.600	FY2019 PY	-	-	-	22,531
Total - Head Start				-	801,253	-	841,515
Total - Department of Health and Human Services				-	801,253	-	841,515
Total federal awards expended				\$ -	\$ 4,602,539	\$ -	\$ 5,314,872

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

LAKE RIDGE 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.

LAKE RIDGE 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?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

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
	Child Nutrition Cluster	Unmodified
84.010	Title I Local Grants to Educational Agencies	Unmodified
84.377	School Improvement Grants	Unmodified
93.600	Headstart	Unmodified

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2019-001

Subject: Financial Transactions
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2017-002.

LAKE RIDGE SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

There were deficiencies in the internal control system of the School Corporation related to financial transactions. The School Corporation had not designed or implemented proper segregation of duties related to receipts and payroll disbursements.

Receipts

One employee issued receipts, posted receipts to the ledger, prepared deposits, and took the deposits to the bank. There was no segregation of duties, such as an oversight, review, or approval process.

Payroll Disbursements

Payroll detail was entered and reviewed by the same individual. The fiscal officer certified the payroll claim in total without reviewing the detail by employee and fund. The lack of effective internal controls allowed noncompliance to go undetected. The School Board approved Clerical Unit Contract did not include all Technology Department employees' rates of pay.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

Upon completion of the payroll claim by the business office, the certificate must be executed by the superintendent of schools or the business manager of the school corporation (provided the business manager is not also the treasurer) and the attest or approval signed by the treasurer of the school corporation. The payroll claim should then be processed, numbered, allowed by the school board and filed in numerical sequence with other claims. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 3)

LAKE RIDGE SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management of the School Corporation had not established a proper system of internal control.

Effect

The failure to establish a system of internal control enabled noncompliance to occur and could have enabled material misstatements or irregularities to occur and not be detected.

Views of Responsible Officials

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

FINDING 2019-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

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

Condition and Context

The School Corporation did not have an effective system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. An oversight or review process had been implemented; however, the review was not effective as evidenced by the errors noted on the SEFA.

Due to the lack of effective internal controls, the SEFA presented for audit contained the following errors:

1. The National School Lunch Program expenditures were understated by \$235,863 for fiscal year 2017-2018, and by \$248,207 for 2018-2019. They were incorrectly reported as Child and Adult Care Food Program expenditures.
2. The National School Lunch Program commodities expenditures were understated by \$42,740 for 2017-2018, and by \$74,158 for 2018-2019.
3. The Child Nutrition Discretionary Grants Limited Availability expenditures were understated by \$29,871 for 2018-2019.
4. The Special Education Grants to States expenditures were understated by \$2,110 for 2017-2018, and by \$14,191 for 2018-2019.
5. The Special Education Preschool Grants expenditures were overstated by \$3,227 for 2018-2019.
6. Title I Grants to Local Educational Agencies expenditures were understated by \$106,329 for 2017-2018, and by \$13,328 for 2018-2019. They were incorrectly reported as School Improvement Grant expenditures.

LAKE RIDGE SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7. Other errors were reported on the SEFA including errors made to program names.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

- (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

LAKE RIDGE SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

The School Corporation's management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

The failure to establish and implement effective internal controls enabled material misstatements to go undetected. The SEFA contained the errors identified in the *Condition and Context*.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2019-003

Subject: Title I Grants to Local Educational Agencies - Internal Controls

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): 17-4650, 18-4650, 19-4650

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Matching, Level of Effort, Earmarking; Reporting

Audit Finding: Material Weakness

LAKE RIDGE SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2017-008.

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 Matching, Level of Effort, Earmarking, and Reporting compliance requirements.

Level of Effort - Maintenance of Effort and Reporting

The Indiana Department of Education (State) used the Form 9 financial reports submitted by the School Corporation to determine if the School Corporation met the required maintenance of effort, and in the State's submission of the average State per pupil expenditure data submitted to the National Center for Education Statistics. These reports were comprised of the School Corporation's transactions recorded during the audit period. Controls were not in place to ensure that expenditures were recorded to the proper fund, account, and object code.

Reporting

The Title I Director and the Treasurer worked together to prepare the Annual Expenditure Report. An oversight or review process had not been established to ensure that the Annual Expenditure Report amounts were accurate prior to submission.

The lack of controls 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). . . ."

Cause

Management had not properly developed a system of internal control to ensure compliance with the Matching, Level of Effort, Earmarking, and Reporting compliance requirements.

LAKE RIDGE SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. A lack of segregation of duties within an internal control system could also have 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 program.

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 Matching, Level of Effort, Earmarking, and Reporting compliance requirements.

Views of Responsible Officials

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

FINDING 2019-004

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provision - Annual Report Card, High School Graduation Rate
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): 17-4650, 18-4650, 19-4650
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2017-009.

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 Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

The School Corporation failed to comply with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate requirement, which necessitated that for the students removed from the High School cohort graduation rate for mobility reasons there was written documentation that the student was enrolled in another school or in an educational program that culminated in the award of a high school diploma, or emigrated to another country, or was deceased. Of the 14 students tested, 4 did not have the required supporting documentation to substantiate removal from the cohort for mobility reasons.

LAKE RIDGE SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The lack of 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). . . ."

34 CFR 200.19(b) states in part:

"High schools—

(1) *Graduation rate.* Consistent with paragraphs (b)(4) and (b)(5) of this section regarding reporting and determining AYP, respectively, each State must calculate a graduation rate, defined as follows, for all public high schools in the State:

(i)

(A) A State must calculate a 'four-year adjusted cohort graduation rate,' defined as the number of students who graduate in four years with a regular high school diploma divided by the number of students who form the adjusted cohort for that graduating class. . . .

(ii) The term 'adjusted cohort' means the students who enter grade 9 (or the earliest high school grade) and any students who transfer into the cohort in grades 9 through 12 minus any students removed from the cohort.

(A) The term "students who transfer into the cohort" means the students who enroll after the beginning of the entering cohort's first year in high school, up to and including in grade 12.

(B) To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased.

(1) To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. . . .

(2) *Transitional graduation rate.*

(i) Prior to the deadline in paragraph (b)(4)(ii)(A) of this section, a State must calculate graduation rate as defined in paragraph (b)(1) of this section or use, on a transitional basis—

LAKE RIDGE SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(A) A graduation rate that measures the percentage of students from the beginning of high school who graduate with a regular high school diploma in the standard number or years; or . . .

(ii) For a transitional graduation rate calculated under paragraph (b)(2)(i) of this section—

(A) 'Regular high school diploma' has the same meaning as in paragraph (b)(1)(iv) of this section;

(B) 'Standard number of years' means four years unless a high school begins after ninth grade, in which case the standard number of years is the number of grades in the school; and

(C) A dropout may not be counted as a transfer. . . ."

Cause

The School Corporation had not developed a system of internal control to ensure compliance with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate 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 listed above could have resulted in the loss of federal 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 and comply with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Views of Responsible Officials

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

FINDING 2019-005

Subject: Headstart - Internal Controls

Federal Agency: Department of Health and Human Services

Federal Program: Headstart

CFDA Number: 93.600

Federal Award Numbers and Years (or Other Identifying Numbers): 2017-2018 PY, 2018-2019 PY

Pass-Through Entity: Geminus Corporation

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Audit Finding: Material Weakness

LAKE RIDGE SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

The School Corporation had not designed or implemented adequate internal controls to ensure that payroll disbursements were properly recorded and were for the correct amounts. The reports used to approve payroll disbursements for the program were not detailed reports from which the School Corporation could ensure that the supporting documentation agreed with the payroll disbursements, or that the employees' pay was proper or adequate.

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

Management had not developed a system of internal controls to ensure compliance with the Activities Allowed or Unallowed and Allowable Costs/Costs Principles compliance requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements listed above. A lack of segregation of duties within an internal control system could also have 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 program.

Questioned Costs

There were no questioned costs identified.

LAKE RIDGE SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

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.



LAKE RIDGE NEW TECH SCHOOL CORPORATION

6111 West Ridge Road | Gary, IN 46408 | P 219.838.1819 | F 219.989.7802 | www.lakeridge.k12.in.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Office of the Superintendent

FINDING 2017-001

Fiscal year in which the finding initially occurred: Repeat Finding in 2017 Original Finding Date of 2015

Contact Person Responsible for Corrective Action: Ed Sopko, Treasurer –Ending Oct 2018
Christina Akers, Treasurer- Beginning October 2018

Contact Phone Number: (219)838-1819

Status of Audit Finding: This finding has been corrected by the following measures. There is a new Treasurer in the business office. The Treasurer reviews various reports to ensure that all grants are accounted for in the SEFA report. The Treasurer will keep a spreadsheet and make adjustments as new grants are awarded and as grants are expended. This spreadsheet along with the RDS software will provide a check and balance to make sure reporting is correct. Also, in November 2019, a State Board of Account agent came in to the office regarding the current SEFA report. She provided additional resources to the Treasurer to search for commodities (www.schnweb.doe.in.gov) She also provided assistance in showing how to look up fund information such as CFDA Numbers and Federal Title/Project names at www.beta.sam.gov

These steps will ensure that this finding has been corrected.

Controls:

The treasurer will complete the SEFA report. The business manager will review the spreadsheet and verify that all grants are listed on the report. The business manager will also verify that the grant information listed matches the information on the grant award letters.

Estimated Completion Date: March 31, 2019

Handwritten signature of Christina Akers

(Signature)

Handwritten title: Treasurer

(Title)

Handwritten date: 2/18/2020

(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).)

Superintendent Sharon Johnson-Shirley, Ed.D.

Assistant Superintendent Cynthia Mose-Trevino

Business Manager Laura Hubinger

Board of School Trustees Mr. Kenneth Buckley Mr. Jonathan Evans Ms. Glenn Johnson Ms. Kim Osteen Mr. Dan Diehl





SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-002

Fiscal year in which the finding initially occurred: Repeat Finding in 2017 Original Finding Date of 2015

Contact Person Responsible for Corrective Action: Ed Sopko, Treasurer –Ending Oct 2018

Christina Akers, Treasurer- Beginning October 2018

Contact Phone Number: (219)838-1819

Status of Audit Finding: This finding has been corrected. The receipts are entered by the Treasurer and they are reviewed by the Deputy Treasurer. There is a Daily Receipt Registered that that is generated with each deposit. This report is reviewed by the Deputy Treasurer for each deposit. It is initialed by both the Treasurer and Deputy Treasurer. Due to the cost reduction plan, there was a reduction in staff in the business office, which does not allow for much segregation of duties; however each deposit is reviewed by one additional person. The Treasurer will be transitioning the receipting to the Deputy Treasurer. The receipts will then be reviewed by the Treasurer or Business Manager. Both the Treasurer and the Deputy Treasurer have been in their position for about a year.

Christina Akers

(Signature)

Treasurer

(Title)

11/20/19

(Date)

Superintendent Sharon Johnson-Shirley, Ed.D.

Assistant Superintendent Cynthia Mose-Trevino

Business Manager Laura Hubinger

Board of School Trustees

Mr. Kenneth Buckley
Mr. Jonathan Evans
Mr. Glenn Johnson
Ms. Kim Osteen
Mr. Dan Diehl

(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).)





Office of the Superintendent

FINDING 2017-003

Fiscal year in which the finding initially occurred: Repeat Finding 2017 Original Finding Date 2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Toni Rattray, Food Service Director
Contact Phone Number: (219)838-1819

Status of Audit Finding: Corrected

The business office and food service division has met on a regular basis to discuss the food service account. The business office submits to the board monthly cash management report showing each month's cash balance, revenues, expenses and ending balance. The analysis report that the board approves and signs indicates the monthly average expenses and the funds available for reinvestment into the food service program. The district placed on hold any cafeteria renovations that the board desired to do until after referendum, the rational was to see if the referendum passed. The new renovation plans would not be finalized because if the referendum failed, the district would have to close an elementary building. The referendum failed, the board closed Hosford Park Elementary (which was the next planned renovation) thus forcing students to attend Longfellow. This finding can be tested with the current year process. The Superintendent, CFO, Food Service Division and Architect met to discuss the needs to handle nearly 600 student's lunch service at Longfellow. The plan and budget estimate was created and presented to the board. The board gave permission to proceed with the renovation project. The Food Service Director and CFO worked with the IDOE Division of Nutrition. Discussing and providing the rational and budget for the renovation. The IDOE approved, and the business office submitted the approval to the board for final approval. Bids, budgets and contract awards were board approved. The financial cash management analysis will continue to be provided to the board for approval. The next plan will be determined in 2020-2021, which will be dependent on the financial status of the district and direction of the Superintendent and Board.

Toni Rattray
(Signature)
Food Service Director
(Title)
11/21/19
(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).)

Superintendent

Sharon Johnson-Shirley, Ed.D.

Assistant Superintendent

Cynthia Mose-Trevino

Business Manager

Laura Hubinger

Board of School Trustees

Mr. Kenneth Buckley

Mr. Jonathan Evans

Mr. Glenn Johnson

Ms. Kim Osteen

Mr. Dan Diehl





SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-004

Fiscal year in which the finding initially occurred: Repeat Finding 2017 Original Finding Date 2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Toni Rattray, Food Service Director
Contact Phone Number: (219)838-1819

Status of Audit Finding: Corrected

Annually, I reviewed the eligibility criteria that are on file with the IDOE. The information has been placed on our school web pages, I am aware the district will be undergoing an upgrade to our web page software. I will work with the technology division to make sure this information is available to all parents/guardians to review. I obtained the federal income guidelines and have reviewed with the CFO each year, and have informed our technology division; this information is entered into the Student Software and reviewed annually prior to the registration process. I review the data screen once the technology data specialist enters into the student management system to ensure that data entry was performed correctly.

[Handwritten signature]
(Signature)

[Handwritten title: Food Service Director]
(Title)

[Handwritten date: 11/21/19]
(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).)

Superintendent
Sharon Johnson-Shirley, Ed.D.

Assistant Superintendent
Cynthia Mose-Trevino

Business Manager
Laura Hubinger

Board of School Trustees
Mr. Kenneth Buckley
Mr. Jonathan Evans
Mr. Glenn Johnson
Ms. Kim Osteen
Mr. Dan Diehl





SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-005

Fiscal year in which the finding initially occurred: Repeat Finding 2017 Original Finding Date 2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Toni Rattray, Food Service Director

Contact Phone Number: (219)838-1819

Status of Audit Finding: Corrected & Continued improvement procedures

The district contacted the inventory third party firm about the finding from the last audit and last inventory. The firm returned to re-inventory the food service equipment and corrected the inventory documents. The recent inventory through June 2019 now has the equipment on the inventory schedule. Improvements in this area are still being worked on. New inventory lists will be created so they can be used to be verified to the inventory third party firm, this mechanism will be used to assist the inventory firm with purchases and disposals.

[Handwritten signature of Toni Rattray]
(Signature)

[Handwritten title: Food Service Director]
(Title)

[Handwritten date: 4/21/19]
(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).)

Superintendent

Sharon Johnson-Shirley, Ed.D.

Assistant Superintendent

Cynthia Mose-Trevino

Business Manager

Laura Hubinger

Board of School Trustees

Mr. Kenneth Buckley

Mr. Jonathan Evans

Mr. Glenn Johnson

Ms. Kim Osteen

Mr. Dan Diehl





SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-006

Fiscal year in which the finding initially occurred: Repeat Finding 2017 Original Finding Date 2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Toni Rattray, Food Service Director
Contact Phone Number: (219)838-1819

Status of Audit Finding: I use the POS system to file claims for breakfast, lunch, dinner, snacks and fruit and vegetable program. I and my assistant have double check the claims for these programs to ensure they are correct. I print and meet with the Treasurer to ensure they are correct and give her a copy. The Treasurer will compare each month's amount that is entered in the AFR. I continue to meet annually with the CFO to review and ensure that the funds are properly reported and place the proper categories. For the annual Financial I work with the treasurer to make sure we are working together and are in agreement. I continue to have my assistant go review it and verify that all signatures are present. For Verification Report I continue to have my assistant check my report and make sure it matches and then we will sign off. We have now corrected all the findings.



Superintendent
Sharon Johnson-Shirley, Ed.D

Assistant Superintendent
Cynthia Mose-Trevino

Business Manager
Laura Hubinger

Board of School Trustees
Mr. Kenneth Buckley
Mr. Jonathan Evans
Mr. Glenn Johnson
Ms. Kim Osteen
Mr. Dan Diehl



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Office of the Superintendent

FINDING 2017-007

Fiscal year in which the finding initially occurred: Repeat Finding 2017 Original Finding Date 2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Toni Rattray, Food Service Director

Contact Phone Number: (219)838-1819

Status of Audit Finding: Corrected

Lunch applications are provided and are completed during the registration of each school year. This information is stored digitally by the student management software. The software marks the student free/reduced or paid based on the federal guidelines entered into the processing control screen. The student record contained in the POS system is updated nightly. A verification report is produced from the POS system, the POS randomly selects students to be audited. A letter is sent to parents requesting appropriate documentation to verify as proof of the information that the parent entered on the original application. The parents have 10 days to respond with proof of income. Upon receipt of the information, the information is verified and changes are made as necessary based on the proof submitted by the parent. This is verified by the director and assistant director of Food Service. If the parent or guardian does not respond, the record is changed to paid status. A letter will be sent to inform the parent or guardian if they still qualify for free/reduced lunch or if status has changed. The paid equity tool provided by the DOE is used to determine lunch prices and lunch rates are provided to the Board of Trustees by the business office for approval. This process will become obsolete for the 2019-2020 school year. The district qualifies for 100% free lunch program.

[Handwritten signature of Toni Rattray]
(Signature)

[Handwritten title: Food Service Director]
(Title)

[Handwritten date: 4/2/19]
(Date)

Superintendent
Sharon Johnson-Shirley, Ed.D.

Assistant Superintendent
Cynthia Mose-Trevino

Business Manager
Cara Hubinger

Board of School Trustees
Mr. Kenneth Buckley
Mr. Jonathan Evans
Mr. Glenn Johnson
Ms. Kim Osteen
Mr. Dan Diehl

(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 2017-008

Fiscal year in which the finding initially occurred: Repeat Finding 2017 Original Finding Date 2015
Federal Grantor Agency: Pass Through Entity – Indiana Department of Education
Contact Person Responsible for Corrective Action: Kathy Martin, Director
Contact Phone Number: (219)838-1819

Status of Audit Finding:

The Title I/EL Director received the state verified reports: ME enrollment (ADM) and TBR (Free/Reduced lunch) from the District Data Specialist. The numbers from each report were compared to the pre-populated numbers on the ESS page of the Title I Application. There was a difference of 5 students from the ME report and a difference of 11 from the TBR report. These differences are most likely because there is an initial data "pull" and then a clean-up period where districts have to verify with each other where a student actually attends. Our district has a very high mobility rate, so this is quite common. If the Indiana Department of Education pulls the numbers from the initial report, and not the cleaned-up version, there may be these minor differences.

This has been corrected.

The Annual Expenditure Report from the Title I Application Center was verified with the RDS reports. Both were printed and initialed by the Title I Director, Kathy Martin and the Treasurer, Chris Akers. We moved less than the allowable 10% (without requiring a budget amendment) in accounts 11000-611, 20000-120, and 33000-110, 120, 2xx (benefits), so therefore the Total expenditures in those lines do not match exactly. However, the total grant expenditure matches from the Title I Application Center to the RDS reports.

This is still in progress of correcting.

The Comparability Report will be completed by Kathy Martin, Title I/EL Director. She will sign it and then have Treasurer Christina Akers verify the information and sign it also.

Kathleen A. Martin

(Signature)

Title I/EL Director

(Title)



2-6-2020
(Date)

Superintendent
Sharon Johnson-Shirley, Ed.D

Assistant Superintendent
Cynthia Mose-Trevino

Business Manager
Laura Hubinger

Board of School Trustees
Mr. Kenneth Buckley
Mr. Jonathan Evans
Mr. Glenn Johnson
Osteen
n Diehl

(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 2017-009

Fiscal year in which the finding initially occurred: 2017
Federal Grantor Agency: Pass Through Entity – Indiana Department of Education
Contact Person Responsible for Corrective Action: Kathy Martin, Director
Contact Phone Number: (219)838-1819

Status of Audit Finding:

To better document where our students go after they withdraw from our district, a new field was added in our student management system, RDS. This field allows a registrar to write notes about where the parent states the student will be enrolling next. The high school registrar checks student enrollment on a regular basis and works to confirm their attendance. Once attendance is verified, the student enrollment status page is printed and placed in the student’s file.

This is still in progress of correcting.

Kathleen A. Martin
(Signature)

Title I/EL Director
(Title)

2-6-2020
(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).)



Superintendent
Sharon Johnson-Shirley, Ed.D

Assistant Superintendent
Cynthia Mose-Trevino

Business Manager
Laura Hubinger

Board of School Trustees
Mr. Kenneth Buckley
Mr. Jonathan Evans
Mr. Glenn Johnson
Ms. Kim Osteen
Mr. Dan Diehl



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-010

Fiscal year in which the finding initially occurred: 2017
Federal Grantor Agency: Pass Through Entity - Indiana Department of Education
Contact Person Responsible for Corrective Action: Kathy Martin, Director
Contact Phone Number: (219)838-1819

Status of Audit Finding:

Any purchases that occur above \$3,500 will have documentation, i.e. quotes and a rationale for the purchase from a particular vendor. In addition, we will print screens from the SAM website, showing the vendor is not on the disbarment or suspension federal listing.

Kathleen A. Martin
(Signature)

Title 1 Director
(Title)

2-18-2020
(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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Assistant Superintendent
Cynthia Mose-Trevino
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Ms. Kim Osteen
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-011

Fiscal year in which the finding initially occurred: 2017
Federal Grantor Agency: Pass Through Entity – Indiana Department of Education
Contact Person Responsible for Corrective Action: Kathy Martin, Director
Contact Phone Number: (219)838-1819

Status of Audit Finding:

RDS Reports are printed and the report from the Title I Application Center is printed for comparison before being submitted. The Title I/EL Director and the Treasurer sign both documents signifying agreement between the two reports.

This has been corrected.

Kathleen G. Martin
(Signature)

Title I/EL Director
(Title)

2-6-2020
(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

FINDING 2019-001

Contact Person Responsible for Corrective Action: Christina Akers, Treasurer

Contact Phone Number: 219-838-1819 x163

Views of Responsible Official:

The receipting function did not follow the recommended segregation of duties due to reduction in staff, and the payroll report submitted to the board did not contain detailed information, rather a summary report had been submitted to the board. The district agrees with the internal control finding.

Description of Corrective Action Plan:

A portion of the receipt process was begin performed by the Deputy Treasurer; the complete process will be migrated to the Deputy Treasurer in January of 2020. The detail report is being submitted to the board and was corrected immediately.

Anticipated Completion Date: On or before 01/31/2020

CORRECTIVE ACTION PLAN

FINDING 2019-002

Contact Person Responsible for Corrective Action: Christina Akers, Treasurer

Contact Phone Number: 219-838-1819

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Additional steps have been taken to learn about additional resources to make sure all information is entered accurately. We have learned about different websites that we can use to verify information is correct. We will now search for commodities at www.schnweb.doe.in.gov and will use www.beta.sam.gov to verify CFDA numbers and Federal Title/Project names. We will keep a spreadsheet on all grants received. This spreadsheet will be used to compare with the report from our accounting system to make sure all grants are listed. The treasurer will complete the report and the business manager will review it. The business manager and treasurer will compare grant award letters match the information on the SEFA report.

Anticipated Completion Date: Immediately



CORRECTIVE ACTION PLAN

FINDING 2019-003

Contact Person Responsible for Corrective Action: Kathy Martin, Title I Director

Contact Phone Number: (219) 838-1819

Views of Responsible Official: The district agrees with the finding. The reports were reviewed during the time of reimbursement requests, but for meeting the internal control recommendation the detail report reflecting payroll during each payroll finalization process was not met and will be adhered to district wide.

Description of Corrective Action Plan:

The CFO, Treasurer, and Title I Director, and all Federal Grant Directors will meet to develop a review process to ensure that the Annual Expenditure Report amounts are accurate prior to submission. Payroll detail reports have been obtained immediately from the payroll department at the conclusion of each pay process.

Anticipated Completion Date:

A review process will be in place on or before March 31, 2020. Payroll control corrected immediately.



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CORRECTIVE ACTION PLAN

FINDING 2019-004

Contact Person Responsible for Corrective Action: Kathy Martin, Title I Director

Contact Phone Number: (219) 838-1819

Views of Responsible Official: The district concurs with the internal control finding, the review tested that there were weaknesses with a portion of the documents reviewed from the school building registrar.

Description of Corrective Action Plan:

The Title I Director will meet with the District Data Specialist to ensure the buildings are coding student withdrawals correctly and are obtaining the proper documentation. The District Data Specialist will review with registrars the proper documentation that must be kept on hand; continued training will occur to meet the internal control requirement.

Anticipated Completion Date:

Review and training will occur on or before March 31, 2020.



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LAKE RIDGE HEAD START

6111 W. Ridge Road
Gary, Indiana 46408
219-989-7823

CORRECTIVE ACTION PLAN

FINDING 2019-005

Contact Person Responsible for Corrective Action: Adrian Wilkerson, Sandi Sweeney
Contact Phone Number: 219-838-1819

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The plan of correction is as follows:

1. Each payroll period the Deputy Treasurer will send a report to the Head Start Director detailing the payroll expenditures on an individual employee basis.
2. The Head Start Director will review the report and cross reference it with the time sheet report that she sent to the Deputy Treasurer signing off on the hours each employee worked and rate of pay.
3. If the report is correct, the director will initial and date the report to indicate that the employee has been paid for the correct number of hours at the correct amount of pay. If there is a dispute, the Head Start Director will bring it to the attention of the Deputy Treasurer to correct.
4. The report will be signed and returned to the payroll specialist in a timely fashion.

Anticipated Completion Date: February 14, 2020

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/>.