

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

MILL CREEK COMMUNITY SCHOOL CORPORATION

HENDRICKS COUNTY, INDIANA

July 1, 2017 to June 30, 2019



**FILED**  
03/17/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lori Bennett	07-01-17 to 12-31-20
Superintendent of Schools	James A. Diagostino	07-01-17 to 12-31-20
President of the School Board	Timothy Whicker James Bryant Melisa Branscum	07-01-17 to 12-31-17 01-01-18 to 12-31-18 01-01-19 to 12-31-20



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 MILL CREEK COMMUNITY SCHOOL  
CORPORATION, HENDRICKS 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 Mill Creek Community School Corporation (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 February 26, 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

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 MILL CREEK COMMUNITY SCHOOL CORPORATION, HENDRICKS COUNTY, INDIANA

**Report on Compliance for Each Major Federal Program**

We have audited the Mill Creek Community School Corporation's (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 2019-002. 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 2019-001 and 2019-002, 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 February 26, 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.

MILL CREEK COMMUNITY SCHOOL CORPORATION  
 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
<b>Department of Agriculture</b>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 2018	\$ -	\$ 40,947	\$ -	\$ -
School Breakfast Program			FY 2019	-	-	-	46,691
Total - School Breakfast Program				-	40,947	-	46,691
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			FY 2018	-	204,586	-	-
National School Lunch Program			FY 2019	-	-	-	203,338
National School Lunch Program -Commodities			FY 2018; FY 2019	-	48,684	-	47,931
Total - National School Lunch Program				-	253,270	-	251,269
Special Milk Program for Children							
Special Milk Program for Children	Indiana Department of Education	10.556					
Special Milk Program for Children			FY 2018	-	577	-	-
Special Milk Program for Children			FY 2019	-	-	-	559
Total - Special Milk Program for Children				-	577	-	559
Total - Child Nutrition Cluster				-	294,794	-	298,519
Total - Department of Agriculture				-	294,794	-	298,519
<b>Department of Education</b>							
Special Education Cluster (IDEA)							
Special Education Grants to States							
FY 2016 Federal Part B 611 Grant	Indiana Department of Education	84.027	14216-046-PN01	-	10,719	-	-
FY 2017 Federal Part B 611 Grant			14217-046-PN01	-	100,141	-	-
FY 2017 Federal Part B 611 Grant			14217-046-PN01	-	-	-	18,104
FY 2018 Federal Part B 611 Grant			18611-046-PN01	-	232,954	-	-
FY 2019 Federal Part B 611 Grant			19611-046-PN01	-	-	-	224,345
FY 2018 Federal Part B 611 Grant			18611-046-PN01	-	-	-	104,657
Total - Special Education Grants to States				-	343,814	-	347,106
Special Education Preschool Grants							
FY 2018 Preschool 619 Grant	Indiana Department of Education	84.173	18619-046-PN01	-	441	-	-
FY 2018 Preschool 619 Grant			18619-046-PN01	-	-	-	267
FY 2019 Preschool 619 Grant			19619-046-PN01	-	-	-	309
FY 2016 Preschool 619 Grant			45716-046-PN01	-	8,635	-	-
FY 2017 Preschool 619 Grant			45717-046-PN01	-	344	-	-
FY 2017 Preschool 619 Grant			45717-046-PN01	-	-	-	8,857
Total - Special Education Preschool Grants				-	9,420	-	9,433
Total - Special Education Cluster (IDEA)				-	353,234	-	356,539

MILL CREEK COMMUNITY SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2018 and 2019

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
2016-2017 Title I Grant			S010A160014	-	4,493	-	-
2017-2018 Title I Grant			S010A170014	-	126,618	-	-
2017-2018 Title I Grant			S010A170014	-	-	-	22,656
2018-2019 Title I Grant			S010A180014	-	-	-	130,786
Total - Title I Grants to Local Educational Agencies				-	131,111	-	153,442
Gaining Early Awareness and Readiness for Undergraduate Programs	Indiana Department of Education	84.334					
2017 Gear Up			FY2016	-	2,100	-	-
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
2015-2016 Title II Grant			S367A150015	-	1,004	-	-
2016-2017 Title II Grant			S367A160013	-	36,589	-	-
2016-2017 Title II Grant			S367A160013	-	-	-	-
2017-2018 Title II Grant			S367A170013	-	33,798	-	-
2017-2018 Title II Grant			S367A170013	-	-	-	1,058
2018-2019 Title II Grant			S367A180013	-	-	-	24,764
Total - Supporting Effective Instruction State Grants				-	71,391	-	25,822
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
2017 Title IV Part A			S424A170015	-	22,303	-	-
2017 Title IV Part A			S424A170015	-	-	-	29,197
Total - Student Support and Academic Enrichment Program				-	22,303	-	29,197
Total - Department of Education				-	580,139	-	565,000
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Health and Human Services	93.778					
Medicaid Reimbursement - Federal			SFY18	-	41,629	-	-
Medicaid Reimbursement - Federal			SFY19	-	-	-	40,943
Total - Medical Assistance Program				-	41,629	-	40,943
Total - Medicaid Cluster				-	41,629	-	40,943
Total - Department of Health and Human Services				-	41,629	-	40,943
Total federal awards expended				\$ -	\$ 916,562	\$ -	\$ 904,462

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

MILL CREEK COMMUNITY SCHOOL CORPORATION  
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 on the SEFA is not presented as receipts and disbursements on the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

MILL CREEK COMMUNITY SCHOOL CORPORATION  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

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

Federal Awards:

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

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

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
84.010	Special Education Cluster (IDEA) Title I Grants to Local Educational Agencies	Unmodified Unmodified

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

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

No matters are reportable.

MILL CREEK COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2019-001**

Subject: Title I Grants to Local Educational Agencies - Activities Allowed  
or Unallowed, Allowable Costs/Cost Principles, and Reporting

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): S010A160014, S010A170014,  
S010A180014

Pass-Through Entity: Indiana Department of Education

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

Audit Finding: Material Weakness

*Condition and Context*

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the compliance requirements listed above.

The School Corporation had not designed or implemented adequate policies and procedures, such as review and approval or other oversight procedures, to ensure that expenditures were only for allowable activities or costs of the Title I grant program and to ensure that financial reports filed for the Title I grant program complied with reporting requirements.

This was a systemic issue during the audit period.

*Criteria*

2 CFR section 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 that segregated key functions.

*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.

MILL CREEK COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

**FINDING 2019-002**

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

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-046-PN01, 14217-046-PN01,  
18611-046-PN01, 19611-046-PN01,  
45716-046-PN01, 45717-046-PN01,  
18619-046-PN01, 19619-046-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

*Condition and Context*

The School Corporation is a member of the Old National Trail Special Services Cooperative (Cooperative). During the fiscal years 2017-2018 and 2018-2019, the Cooperative operated the special education program and spent the federal money on behalf of all its members. There was inadequate oversight performed by the School Corporation of the procurement and suspension and debarment procedures of the Cooperative.

*Procurement*

For the three vendors tested for 2017-2018, and two of the three vendors tested for 2018-2019, the Cooperative did not obtain price or rate quotes from an adequate number of qualified sources for purchases of goods or services that fell within the small purchase procedures for procurements, and full and open competition was not provided.

*Suspension and Debarment*

During 2017-2018, the Cooperative did not have procedures in place to verify vendors were not suspended or debarred prior to entering into covered transactions with these vendors. The Cooperative implemented procedures during 2018-2019 to verify vendors were not suspended or debarred prior to entering into covered transactions with these vendors, however, an effective internal control system was not in place over the procedures.

MILL CREEK COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The lack of controls and noncompliance over the small purchases procurement requirements were systemic issues throughout the audit period. The lack of effective controls over the suspension and debarment requirements was a systemic issue throughout the audit period; however, the noncompliance was isolated to 2017-2018.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.318 states in part:

"(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part. . . ."

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. . . ."

2 CFR 200.319(a) states in part: "All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. . . ."

2 CFR 200.320 states in part:

"The non-Federal Entity must use one of the following methods of procurement. . . ."

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. . . ."

MILL CREEK COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking the SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

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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.

Mill Creek Community School Corporation

6631 S. CR 200 W· Clayton, IN 46118



Administrative Services Center

317-539-9200· Fax: 844-303-1811

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2017-001***

Fiscal year in which the finding initially occurred: 2017

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Jim Diagostino, Superintendent, and Lori Bennett, Treasurer

Contact Phone Number: 317-539-9200

Status of Audit Finding: Since November 30, 2018, and ongoing, the Treasurer prepared the Schedule of Expenditures of Federal Awards report. Prior to the submission of the SEFA annual report, the Superintendent and Assistant Superintendent reviewed the annual report and verified by signing and dating. The associated documentation of the SEFA is reviewed on a routine basis.

Mill Creek Community School Corporation

6631 S. CR 200 W· Clayton, IN 46118



Administrative Services Center

317-539-9200· Fax: 844-303-1811

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2017-002***

Fiscal year in which the finding initially occurred: 2017

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Jim Diagostino, Superintendent, and Lori Bennett, Treasurer

Contact Phone Number: 317-539-9200

Status of Audit Finding: Since November 30, 2018, and ongoing, the Database Administrative Assistant/Software Support Specialist prepared the Data Collection reports. Prior to the submission of the Data Collection reports, the Superintendent, or designee reviewed the Data Collection Reports related to Special Education with supporting documentation and verified by signing and dating. The associated documentation of the Data Collection Reports is reviewed on a routine basis by building administrators.

Mill Creek Community School Corporation

6631 S. CR 200 W Clayton, IN 46118



Administrative Services Center  
317-539-9200 Fax: 844-303-1811

CORRECTIVE ACTION PLAN

**FINDING 2019-001**

Contact Person Responsible for Corrective Action: Jim Diagostino, Superintendent, and Lori Bennett, Treasurer

Contact Phone Number: 317-539-9200

Views of Responsible Official: We agree with the finding.

Description of Corrective Action Plan:

The Assistant Superintendent will prepare the Title I Grants with review by the Superintendent, or designee. Prior to the submission of the Title I Grants reports, the Superintendent, or designee, will review expenditures and financial reports, and verify by signing and dating. The associated documentation of the Title I Grants will be reviewed on a routine basis by the Corporation Treasurer.

Anticipated Completion Date: March 31, 2020

A handwritten signature in black ink, appearing to be "CJA", written over a horizontal line.

(Signature)

Superintendent

(Title)

02-26-2020

(Date)

Mill Creek Community School Corporation

6631 S. CR 200 W. Clayton, IN 46118



Administrative Services Center

317-539-9200 Fax: 844-303-1811

CORRECTIVE ACTION PLAN

**FINDING 2019-002**

Contact Person Responsible for Corrective Action: Jim Diagostino, Superintendent

Contact Phone Number: 317-539-9200

Views of Responsible Official: We agree with the finding.

Description of Corrective Action Plan:

The Superintendent, or designee, will review the procurement by small purchase procedures with the Executive Director and board members of the Cooperative. The procedures will be revised accordingly to ensure compliance with the procurement and suspension and debarment by obtaining price or rate quotations from an adequate number of qualified sources. The Executive Director, or designee, will verify the person with whom we intend to do business with is not excluded or disqualified. The board members will review the financial transactions each month associated with small purchases, and approve accordingly. Members of the board may periodically review compliance by signing and dating purchase orders of small purchases.

Anticipated Completion Date: March 31, 2020

A handwritten signature in black ink, appearing to be "J. Diagostino".

\_\_\_\_\_  
(Signature)

Superintendent

\_\_\_\_\_  
(Title)

02-26-2020

\_\_\_\_\_  
(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/>.