

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

FEDERAL COMPLIANCE AUDIT REPORT
OF

EASTERN PULASKI COMMUNITY
SCHOOL CORPORATION
PULASKI COUNTY, INDIANA

July 1, 2017 to June 30, 2019



FILED
03/18/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Angela Anspach	07-01-17 to 06-30-20
Superintendent of Schools	Dan L. Foster Dr. Gilbert Crimmins (interim) Dara Chezem	07-01-17 to 06-30-19 07-01-19 to 12-31-19 01-01-20 to 06-30-20
President of the School Board	Joe Cunningham Deke DeMarco	01-01-17 to 12-31-17 01-01-18 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 EASTERN PULASKI COMMUNITY
SCHOOL CORPORATION, PULASKI 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 Eastern Pulaski 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 27, 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 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.

Eastern Pulaski Community School Corporation's 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

February 27, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 EASTERN PULASKI COMMUNITY SCHOOL CORPORATION, PULASKI COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the Eastern Pulaski 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 its major federal program for the period of July 1, 2017 to June 30, 2019. The School Corporation's major federal program is 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 the School Corporation's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on the 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 its major federal program for the period of July 1, 2017 to June 30, 2019.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 items 2019-003, 2019-004, 2019-005, and 2019-006. Our opinion on the 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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, 2019-005, and 2019-006, 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 THE 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 27, 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 27, 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.

EASTERN PULASKI 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
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast			SY 2017-2018	\$ -	\$ 59,207	\$ -	\$ -
School Breakfast			SY 2018-2019	-	-	-	56,646
Total - School Breakfast Program				-	59,207	-	56,646
National School Lunch Program							
School Lunch	Indiana Department of Education	10.555	SY 2017-2018	-	320,610	-	-
School Lunch			SY 2018-2019	-	-	-	296,193
School Lunch - Commodities			SY 2017-2018	-	64,117	-	-
School Lunch - Commodities			SY 2018-2019	-	-	-	58,289
Total - National School Lunch Program				-	384,727	-	354,482
Total - Child Nutrition Cluster				-	443,934	-	411,128
Total - Department of Agriculture				-	443,934	-	411,128
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States							
FY 2017 Federal Part B 611 Grant Totals	Indiana Department of Education	84.027	14217-035-PN01	-	193,738	-	1,689
FY 2018 Federal Part B 611 Grant Totals			18611-035-PN01	-	77,331	-	186,595
FY 2019 Federal Part B 611 Grant Totals			19611-035-PN01	-	-	-	35,475
Total - Special Education Grants to States				-	271,069	-	223,759
Special Education Preschool Grants							
FY 2017 Federal Preschool 619 Grant Totals	Indiana Department of Education	84.173	45717-035-PN01	-	8,230	-	463
FY 2018 Federal Preschool 619 Grant Totals			18619-035-PN01	-	5,391	-	8,346
FY 2019 Federal Preschool 619 Grant Totals			19619-035-PN01	-	-	-	3,291
Total - Special Education Preschool Grants				-	13,621	-	12,100
Total - Special Education Cluster (IDEA)				-	284,690	-	235,859

EASTERN PULASKI 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	FY 17-18 FY 18-19	- -	136,760 -	- -	- 166,607
Total - Title I Grants to Local Educational Agencies				-	136,760	-	166,607
Rural Education FY 2016 Rural and Low Income	Indiana Department of Education	84.358	S358B0160014	-	-	-	15,408
Supporting Effective Instruction State Grants Title II Part A FY 15 Title II Part A FY 16 Title II Part A FY 17	Indiana Department of Education	84.367	S367A150013 S367A160013 S367A170013	- - -	28,000 - -	- - -	- 36,430 38,464
Total - Supporting Effective Instruction State Grants				-	28,000	-	74,894
Total - Department of Education				-	449,450	-	492,768
<u>Department of Health and Human Services</u>							
Medicaid Cluster Medical Assistance Program Medical Assistance Program	Indiana Department of Education	93.778	FY 17-18 FY 18-19	- -	41,845 -	- -	- 31,765
Total - Medical Assistance Program				-	41,845	-	31,765
Total - Medicaid Cluster				-	41,845	-	31,765
Total - Department of Health and Human Services				-	41,845	-	31,765
Total federal awards expended				\$ -	\$ 935,229	\$ -	\$ 935,661

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

EASTERN PULASKI 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 in the SEFA is not presented as receipts and disbursements in the financial statement of the School Corporation. This activity is reported on the financial statement of the Cooperative.

EASTERN PULASKI 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?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
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 Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	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 and Reporting
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

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not established a system of internal control or separated incompatible activities related to cash and investments, receipts, disbursements, other financing sources and uses, and financial reporting.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

In addition, the School Corporation had no process to evaluate the internal control system to identify and communicate corrective actions to improve controls. Effective internal controls over financial reporting required the School Corporation to monitor and assess the quality of the system of internal control.

Cash and Investments

The School Corporation was responsible for ensuring that the accounting record balances were reconciled with the bank depository balances at least monthly as required by Indiana Code. Controls had not been developed to ensure that reconcilements were completed.

Reconciliations of the record balances to the depository balances were not properly completed for any of the 24 months of the audit period. Differences between the record and the depository balances varied monthly and were not identified or adjusted timely. Our reconciliations at June 30, 2018 and 2019, revealed unidentified variances of \$44,613 and \$197,450, respectively.

Receipts

The School Corporation had not properly designed or implemented adequate internal controls to ensure that receipts were properly recorded. An oversight or review process had not been established. Audit adjustments were proposed and accepted by the School Corporation related to receipts not properly posted, they totaled \$262,504 and \$4,930,894 for the fiscal years ending June 30, 2018 and 2019, respectively. A posting error of \$4,569,063 included in the 2018-2019 total was not required to be adjusted in the financial statement as the error did not affect the financial statement.

The School Corporation failed to properly receipt State of Indiana distributions to their records in the amounts of \$7,847 and \$60,806 for the fiscal years ending June 30, 2018 and 2019, respectively.

Disbursements

The School Corporation had not properly designed or implemented adequate internal controls to ensure that vendor disbursements were properly recorded. One employee prepared and recorded the accounts payable vouchers without evidence of a proper system of oversight or review to ensure that vendor disbursements were accurately recorded in the proper funds. Audit adjustments were proposed and accepted by the School Corporation related to disbursements not properly posted, they totaled \$71,275 and \$2,050,830 for the fiscal years ending June 30, 2018 and 2019, respectively.

Other Financing Sources and Uses

The School Corporation had not properly designed or implemented adequate internal controls to ensure that other financing sources and uses were properly recorded. An oversight or review process had not been established.

Financial Reporting

The School Corporation had not properly designed or implemented adequate internal controls to ensure that the financial statement was accurate and complete and agreed with the accounting records. There was no evidence of an adequate oversight or review process to detect and correct errors.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

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. . . ."

"Relevant information from both internal and external sources is necessary to support the functioning of the other components of internal control. Communication is the continual process of providing, sharing, and obtaining necessary information. Internal communication enables personnel to receive a clear message that control responsibilities are taken seriously by the organization. External communication enables relevant outside information to be internalized and internal information to be clearly communicated to external parties."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

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 material misstatements or irregularities to remain undetected.

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 2017-002.

Condition and Context

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA).

The SEFA presented for audit contained the following errors:

1. The Child Nutrition Cluster was omitted. This resulted in the understatement of the School Breakfast Program expenditures by \$59,207 and \$56,646 for fiscal years 2017-2018 and 2018-2019, respectively. In addition, the National School Lunch Program expenditures were understated by \$384,727 and \$354,482 for 2017-2018 and 2018-2019, respectively.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. The Special Education Cluster (IDEA) was omitted. This resulted in the understatement of the Special Education Grants to States expenditures by \$271,069 and \$223,759 for 2017-2018 and 2018-2019, respectively. In addition, the Special Education Preschool Grants expenditures were understated by \$13,621 and \$12,100 for 2017-2018 and 2018-2019, respectively.
3. The Title I Grants to Local Educational Agencies expenditures were overstated by \$101,155 and \$64,363 for 2017-2018 and 2018-2019, respectively.
4. The Rural Education program was omitted from the SEFA, which understated federal expenditures by \$15,408 in 2018-2019.
5. The Supporting Effective Instruction State Grants program was omitted, which understated federal expenditures by \$28,000 and \$74,894 for 2017-2018 and 2018-2019, respectively.
6. The Medicaid Cluster was omitted, which understated federal expenditures by \$41,845 and \$31,765 for 2017-2018 and 2018-2019, respectively.

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 section 200.508 states in part:

"The auditee must: . . .

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

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR section 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 award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within a 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

Management had not established a system of internal controls that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal controls in place that operated effectively, material misstatements of the SEFA remained 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.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2019-003

Subject: Child Nutrition Cluster - Eligibility
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): SY 2017-2018, SY 2018-2019
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2017-003.

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 Eligibility compliance requirement.

The determination of eligibility was performed by one individual. Although a review was indicated, it was not effective in ensuring the accuracy of the eligibility determinations. Out of the 60 individuals tested, 2 were given an incorrect eligibility status.

The lack of controls and noncompliance were systemic issues that occurred 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 Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 245.6(c)(4) states:

"*Calculating income.* The local educational agency must use the income information provided by the household on the application to calculate the household's total current income. When a household submits an application containing complete documentation, as defined in § 245.2 and the household's total current income is at or below the eligibility limits specified in the Income Eligibility Guidelines as defined in § 245.2, the children in that household must be approved for free or reduced price benefits, as applicable."

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed a system of internal control that would have ensured compliance with the Eligibility compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the Eligibility compliance requirement 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 establish controls to ensure compliance and comply with the grant agreement and the Eligibility 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 2019-004

Subject: Child Nutrition Cluster - Special Tests and Provisions - Verifications
of Free and Reduced Price Applications (NSLP)

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

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

Pass-Through Entity: Indiana Department of Education

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

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2017-003.

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 - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

There were no controls in place to ensure that verifications of eligibility determinations for free and reduced price meals were accurate.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation did not comply with the verification of free and reduced price meals requirements during fiscal year 2018-2019. The School Corporation allowed a student to receive free meals when the appropriate status would have been reduced. The School Corporation received income documents that determined the biweekly income amount; however, they selected an inappropriate status allowing the student to receive meals at an incorrect price.

In addition, the School Corporation used the standard "error prone" method of determining applications for verification. The School Corporation selected applications that were not on the error prone list as indicated in their verification submission to the Department of Education.

Lack of controls was a systemic issue and occurred throughout the audit period. Lack of compliance was isolated to 2018-2019.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 245.6a(c) states in part: ". . . The local educational agency must verify eligibility of children in a sample of household applications approved for free and reduced price meal benefits for that school year. . . ."

7 CFR 246.6a(2) states: "*Error prone application*. For the purposes of this section, 'error prone application' means an approved household application that indicates monthly income within \$100 or annual income within \$1,200 of the applicable income eligibility limit for free or for reduced meals."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the verification requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation establish controls to ensure compliance and comply with the grant agreement and the Special Tests and Provisions - Verifications of Free and Reduced Price Applications (NSLP) 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: Child Nutrition Cluster - Cash Management
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): SY 2017-2018, SY 2018-2019
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2017-004.

Condition and Context

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Cash Management compliance requirement.

The School Corporation did not have documented controls in place to ensure that the School Lunch fund's monthly cash balances (net cash resources) were limited to three months average expenditures in compliance with the cash management requirements.

The School Corporation did not comply with the cash management requirement that they limit cash balances (net cash resources) to three months average expenditures. The School Lunch fund monthly net cash resources exceeded the three months average expenditures for 8 of the 24 months in the audit period.

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

Criteria

2 CFR section 200.303 states in part:

"The non-Federal entity must:

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

7 CFR 210.14(b) states: "*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall . . . with respect to participating schools under its jurisdiction: . . .

(iv) Limit its net cash resources to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; . . ."

Cause

Management had not developed a system of internal control that would have ensured compliance with the Cash Management compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement 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 establish controls to ensure compliance and comply with the grant agreement and the Cash Management compliance requirement.

Views of Responsible Officials

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

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2019-006

Subject: Child Nutrition Cluster - Program Income
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): SY 2017-2018, SY 2018-2019
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Program Income
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2017-005.

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 Program Income compliance requirement.

The School Corporation had not designed or implemented adequate controls to ensure program income was correctly recorded. Transfers were made from the Prepaid Lunch fund to the School Lunch fund without an oversight, review, or approval process, or a compensating control.

A \$60,000 transfer was made from the Prepaid Lunch fund to the School Lunch fund that did not agree to the sales activity report from the food service point of sale system. The purpose of the transfer was to reduce the excessive balance of the Prepaid Lunch fund, but could not be substantiated with any subsidiary records.

Program income was not properly recorded in the accounting records. Program income was received for the credit card fee portion of online payments made by parents for prepaid lunch accounts. The School Corporation posted the credit card fee portion of the payment into the General fund. When the vendor who processed the online payments invoiced the School Corporation, they paid the claim from the School Lunch fund.

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

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 210.14(c) states:

"Financial assurances. The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

7 CFR 210.14(f)(3) states: "All revenue from the sale of nonprogram foods shall accrue to the nonprofit school food service account of a participating school food authority."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall enter into a written agreement with the State agency or the Department through the FNSRO, as applicable, that may be amended as necessary. . . . Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction: . . .

(12) Maintain a financial management system as prescribed by the State agency, or FNSRO where applicable; . . ."

Clearing Account Number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 with 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614 series) in the School Lunch Fund. The transfer should be made periodically and at the end of each month to appropriately classify meals (breakfast, lunch, etc.) when known (charged by student). (The School Bulletin and Uniform Compliance Guidelines, February 2019)

Cause

Management had not developed a system of internal control that would have ensured compliance with the Program Income compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement 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 establish controls to ensure compliance and comply with the grant agreement and the Program Income 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.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-001

Fiscal year in which the finding initially occurred: FY 15-16 and FY 16-17
Contact Person Responsible for Corrective Action: Angie Anspach
Contact Phone Number: 574-946-4010

Status of Audit Finding: Still being corrected. We have taken steps to implement Internal Controls. However, being a small school corporation, with limited staff and resources, implementing internal controls so more than one person deals with activities is hard to do.

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see 2 CFR §200.511(b).)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-002

Fiscal year in which the finding initially occurred: FY 15-16 and FY 16-17
Contact Person Responsible for Corrective Action: Angie Anspach
Contact Phone Number: 574-946-4010

Status of Audit Finding: Still being corrected. We have taken steps to implement Internal Controls. However, being a small school corporation, with limited staff and resources, implementing internal controls so more than one person deals with activities is hard to do.

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see 2 CFR §200.511(b).)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-003

Fiscal year in which the finding initially occurred: FY 15-16 and FY 16-17
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Angie Anspach
Contact Phone Number: 574-946-4010

Status of Audit Finding: Internal Controls over Child Nutrition Cluster – Eligibility and Special Tests and Provisions–Verification of Free and Reduced Price Applications (NSLP) are still being corrected. Controls over Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Procurement and Suspension and Debarment, Special Tests and Provisions-School Food Accounts, and Special Tests and Provisions-Paid Lunch Equity were implemented in FY 2017-2018.

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see 2 CFR §200.511(b).)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-004

Fiscal year in which the finding initially occurred: FY 15-16 and FY 16-17
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Angie Anspach
Contact Phone Number: 574-946-4010

Status of Audit Finding: Still being corrected. We have taken steps to implement Internal Controls. However, being a small school corporation, with limited staff and resources, implementing internal controls so more than one person deals with activities is hard to do.

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see 2 CFR §200.511(b).)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-005

Fiscal year in which the finding initially occurred: FY 15-16 and FY 16-17
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Angie Anspach
Contact Phone Number: 574-946-4010

Status of Audit Finding: Still being corrected. We have taken steps to implement Internal Controls. However, being a small school corporation, with limited staff and resources, implementing internal controls so more than one person deals with activities is hard to do.

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see 2 CFR §200.511(b).)



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CORRECTIVE ACTION PLAN

FINDING 2019-001

Contact Person Responsible for Corrective Action: Angie Anspach, Treasurer/Business Manager
Contact Phone Number: 574-946-4010 ext. 229

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Treasurer/Business Manager will implement more stringent internal controls in the business office to prevent or detect and correct errors related to financial transactions and reporting. A more stringent checklist will be developed to provide reasonable assurances that material noncompliance with the financial transactions and reporting will be prevented.

The Treasurer/Business Manager or Assistant Treasurer/Bookkeeper will record transactions and the Treasurer/Business manager or Assistant Treasurer/Bookkeeper will review the transactions. No one individual will be allowed to record financial transactions without a different individual checking those transactions.

Reconciliation was done monthly on an excel spreadsheet, however, the reconciliation was not matched to the Fund Report from the software. We are in the process of reconciling in our software with the help of other school corporations and our software vendor.

The Assistant Treasurer during the audit period is no longer with the school corporation.

Receipts:

Corrective action has already taken place on receipts. Receipts are being processed by the Treasurer and checked and posted by the Assistant Treasurer/Bookkeeper to alleviate errors. Both are signing off that receipts are processed properly.

Disbursements:

Corrective action has already taken place on disbursements. Disbursements are being processed by the Assistant Treasurer/Bookkeeper and checked by the Treasurer/Business Manager before any disbursements are posted or checks processed. Both are signing off that disbursements are processed properly.

Other Financing Sources and Uses:

Corrective action has already taken place on Other Financing Sources and Uses. Other Financing Sources and Uses are being processed by the Assistant Treasurer/Bookkeeper and checked by the Treasurer/Business Manager.

Financial Reporting:

Financial Reporting will be done by the Treasurer/Business Manager and checked by Assistant Treasurer/Bookkeeper.

We understand the importance of Internal Controls, however, small school corporations have few employees with many duties.

Anticipated Completion Date: June 30, 2020.



EASTERN PULASKI COMMUNITY SCHOOL CORPORATION

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CORRECTIVE ACTION PLAN

FINDING 2019-002

Contact Person Responsible for Corrective Action: Angie Anspach, Treasurer/Business Manager
Contact Phone Number: 574-946-4010 ext. 229

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Treasurer will implement more stringent internal controls in the business office to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). A more stringent checklist will be developed to provide reasonable assurances that material noncompliance with the SEFA and reporting will be prevented.

The Treasurer or Assistant Treasurer will record information in Gateway and the Treasurer or Assistant Treasurer will review the information. No one individual will be allowed to record and submit information without a different individual checking the information.

We understand the importance of Internal Controls, however, small school corporations have few employees with many duties.

Anticipated Completion Date: June 30, 2020.



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FINDING 2019-003

Contact Person Responsible for Corrective Action: Angie Anspach, Treasurer/Business Manager
Contact Phone Number: 574-946-4010 ext. 229

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Treasurer/Business Manager will implement more stringent internal controls in the business office to prevent or detect and correct errors related to grant agreement and the compliance requirements listed. A more stringent checklist will be developed to provide reasonable assurances that material noncompliance with the financial transactions and reporting will be prevented. The Treasurer/Business Manager or Assistant Treasurer/Bookkeeper will record transactions and the Treasurer/Business Manager or Assistant Treasurer/Bookkeeper will review the transactions. No one individual will be allowed to record financial transactions without a different individual checking those transactions.

Eligibility:

Corrective action has already taken place on eligibility. Eligibility (lunch applications) is being processed and entered into our software for the lunch program by the Food Service Director and checked by the Treasurer/Business Manager, before and after, it is entered into the software. If errors are found, corrections are made immediately.

Anticipated Completion Date: June 30, 2020.



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CORRECTIVE ACTION PLAN

FINDING 2019-004

Contact Person Responsible for Corrective Action: Angie Anspach, Treasurer/Business Manager
Contact Phone Number: 574-946-4010 ext. 229

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Treasurer/Business Manager will implement more stringent internal controls in the business office to prevent or detect and correct errors related to Special Tests and Provisions – Verifications of Free and Reduced-Price Meals. A more stringent checklist will be developed to provide reasonable assurances that material noncompliance will be prevented. The Treasurer/Business Manager or Food Service Director will verify income and eligibility and the Treasurer/Business Manager or Assistant Treasurer/Bookkeeper will review the verification process and verify students are on, or are put on, the correct program after verification. No one individual will be allowed to do the verification process by alone.

Anticipated Completion Date: June 30, 2020.



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CORRECTIVE ACTION PLAN

FINDING 2019-005

Contact Person Responsible for Corrective Action: Angie Anspach, Treasurer/Business Manager
Contact Phone Number: 574-946-4010 ext. 229

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Treasurer/Business Manager will implement more stringent internal controls in the business office to prevent or detect and correct errors related to the grant agreement and the Cash Management compliance requirement.

A more stringent checklist will be developed to provide reasonable assurances that material noncompliance with the grant agreement and the Cash Management compliance requirement will be prevented.

The Treasurer/Business Manager will take steps to ensure that the three-month average expenditures will be calculated and compared to the monthly cash balance and to ensure that those balances do not exceed three months average expenditures. This will be checked by the Assistant Treasurer/Bookkeeper.

We understand the importance of Internal Controls, however, small school corporations have few employees with many duties.

Anticipated Completion Date: June 30, 2020.



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CORRECTIVE ACTION PLAN

FINDING 2019-006

Contact Person Responsible for Corrective Action: Angie Anspach, Treasurer/Business Manager
Contact Phone Number: 574-946-4010 ext. 229

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Treasurer/Business Manager will implement more stringent internal controls in the business office to prevent or detect and correct errors related to the grant agreement and the Program Income compliance requirements.

A more stringent checklist will be developed to provide reasonable assurances that material noncompliance with the grant agreement and the Program Income compliance requirements will be prevented on the Annual Financial Report.

The Treasurer/Business Manager will take steps to ensure that program income will be correctly recorded in the School Lunch Fund. The Treasurer/Business Manager will record the income and the Assistant Treasurer/Bookkeeper will check that the income was recorded properly.

The Assistant Treasurer/Bookkeeper will do the transfers. The Treasurer/Business Manager will ensure that the transfers are done correctly.

We understand the importance of Internal Controls, however, small school corporations have few employees with many duties.

Anticipated Completion Date: June 30, 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/>.