

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

FEDERAL COMPLIANCE AUDIT REPORT  
OF

GREENFIELD-CENTRAL COMMUNITY  
SCHOOL CORPORATION  
HANCOCK 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	Ruthann Fisher	07-01-17 to 12-31-20
Superintendent of Schools	Dr. Harold E. Olin	07-01-17 to 06-30-20
President of the School Board	Retta Livengood Daniel Brown	07-01-17 to 12-31-17 01-01-18 to 12-31-20



# STATE OF INDIANA

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

TO: THE OFFICIALS OF THE GREENFIELD-CENTRAL COMMUNITY  
SCHOOL CORPORATION, HANCOCK 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 Greenfield-Central 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 item 2019-001, that we consider to be a material weakness.

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***

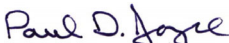
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 Questions Costs as item 2019-001.

***Greenfield-Central 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 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 GREENFIELD-CENTRAL COMMUNITY SCHOOL CORPORATION, HANCOCK COUNTY, INDIANA

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

We have audited the Greenfield-Central 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 2019-003. 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 2019-002 and 2019-003, 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 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.

GREENFIELD-CENTRAL 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			FY 17-18	\$ -	\$ 83,905	\$ -	\$ -
School Breakfast			FY 18-19	-	-	-	87,836
Total - School Breakfast Program				-	83,905	-	87,836
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch			FY 17-18	-	807,038	-	-
School Lunch			FY 18-19	-	-	-	780,233
Commodities			FY 17-18	-	143,866	-	-
Commodities			FY 18-19	-	-	-	144,479
Total - National School Lunch Program				-	950,904	-	924,712
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Service			FY 17-18	-	26,891	-	-
Summer Food Service			FY 18-19	-	-	-	38,121
Total - Summer Food Service Program for Children				-	26,891	-	38,121
Total - Child Nutrition Cluster				-	1,061,700	-	1,050,669
Total - Department of Agriculture				-	1,061,700	-	1,050,669
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Education Part B Section 611			14217-131-PN01	-	771,394	-	22,768
Special Education Part B Section 611			18611-131-PN01	-	94,704	-	866,362
Total - Special Education Grants to States				-	866,098	-	889,130
Special Education Preschool Grants	Indiana Department of Education	84.173					
Special Education Part B Section 619			18619-131-PN01	-	49,878	-	7,537
Special Education Part B Section 619			19619-131-PN01	-	-	-	43,676
Special Education Part B Section 619			45717-131-PN01	-	18,406	-	-
Total - Special Education Preschool Grants				-	68,284	-	51,213
Total - Special Education Cluster				-	934,382	-	940,343

GREENFIELD-CENTRAL 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					
Title I			17-3125	-	97,636	-	-
Title I			18-3125	-	215,242	-	118,669
Title I			S010A180014	-	-	-	238,829
Total - Title I Grants to Local Educational Agencies				-	312,878	-	357,498
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II			FY 2015	-	64,303	-	-
Title II			FY 2017	-	16,000	-	-
Title II			S367A160013	-	64,416	-	39,458
Title II			S367A170013	-	-	-	45,328
Title II			S367A180013	-	-	-	3,500
Total - Supporting Effective Instruction State Grants				-	144,719	-	88,286
Total - Department of Education				-	1,391,979	-	1,386,127
<b>Department of Health and Human Services</b>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid			2017-2018	-	29,784	-	-
Medicaid			2018-2019	-	-	-	28,460
Total - Medical Assistance Program				-	29,784	-	28,460
Total - Medicaid Cluster				-	29,784	-	28,460
Total - Department of Health and Human Services				-	29,784	-	28,460
Total federal awards expended				\$ -	\$ 2,483,463	\$ -	\$ 2,465,256

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

GREENFIELD-CENTRAL 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.

GREENFIELD-CENTRAL 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 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>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Unmodified
Special Education Cluster (IDEA)	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 report. The prior audit finding number was 2017-001.

*Condition and Context*

The School Corporation had not separated incompatible activities related to cash and investments and disbursements. There were no controls in place to ensure proper oversight, review, or approval processes.

GREENFIELD-CENTRAL COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cash and Investments*

The School Corporation had not established controls to ensure all bank balances were reconciled and agreed to the cash and investment balances within the financial statements and accounting ledgers until November 2018. The control was not documented until January 2019.

The School Corporation completed the bank reconciliements using computer software; however, the reconciliements were incomplete. The reconciliements excluded an investment account, and the reconciled bank balances were not compared to the cash and investment balances recorded in the financial statements and accounting ledgers. This was corrected in November 2018.

The School Corporation did not reconcile the Prepaid Lunch fund to the individual student meal accounts. The Prepaid Lunch fund did not agree with the subsidiary records of the student account balances.

*Disbursements*

The payroll and payroll withholdings/remittances were posted to the ledgers and reviewed by another employee. However, this review was not documented until October 2018.

*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 Environment*

"The control environment is the basic commonality for all and comprises the integrity and ethical values of the political subdivision established by the oversight body and management. The standards, processes, and structures which form the control environment pervasively impact the overall system of internal control. The oversight body and management convey leadership expectations, and overall tone which are reinforced by all officials and management throughout the various offices and departments. The control environment also contains the overall accountability structure for all employees through performance and reward measures. Within this structure, leadership demonstrates commitment to the political subdivision by having a process for attracting, developing, and retaining competent individuals. This component is static in that its underpinnings do not generally change with a given objective."

*Control Activities*

"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.



GREENFIELD-CENTRAL COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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. . . ."

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."

*Cause*

Management of the School Corporation had not established a proper system of internal controls over financial transactions and reporting.

*Effect*

The failure to establish a system of internal controls could have enabled material misstatements or irregularities to remain undetected and resulted in noncompliance.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls, including segregation of duties, related to financial transactions and reporting. We also recommended that the School Corporation reconcile their bank balances and School Lunch fund to their accounting ledgers or subsidiary accounts on a monthly basis.

*Views of Responsible Officials*

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

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

**FINDING 2019-002**

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Programs School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 17-18, FY 18-19

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Eligibility, Program Income, Special Tests and  
Provisions - Verification of Free and Reduced Price Applications  
(NSLP), Special Tests and Provisions - School Food Accounts

Audit Finding: Material Weakness

GREENFIELD-CENTRAL COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Repeat Finding*

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

*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.

*Cash Management (School Breakfast Program and National School Lunch Program only)*

A system of internal controls was not properly designed and implemented at the School Corporation for the Cash Management compliance requirement. There were no procedures established to ensure that the School Lunch fund cash balances (net cash resources) were maintained in compliance with the Cash Management requirements and that there were no cash balances in excess of three months' average expenditures.

*Eligibility*

A system of internal controls was not properly designed and implemented at the School Corporation for the Eligibility compliance requirement. There was no documented control to ensure the eligibility parameters entered into the computer system for eligibility determination were correct. Eligibility parameters were entered into the system by one employee without oversight or review of the information entered.

*Program Income*

A system of internal controls was not properly designed and implemented at the School Corporation for the Program Income compliance requirement. Controls to ensure that program income was properly accounted for in the School Corporation's records were not in place.

*Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)  
(School Breakfast Program and National School Lunch Program only)*

A system of internal controls was not properly designed and implemented at the School Corporation for the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement. The Food Service Director completed the verifications of free and reduced price applications; however, there were no documented controls, such as an oversight, review, or approval process, to ensure accuracy.

*Special Tests and Provisions - School Food Accounts*

A system of internal controls was not properly designed and implemented at the School Corporation for the Special Tests and Provisions - School Food Accounts compliance requirement. End of month reports for the School Lunch fund were prepared by the Administrative Assistant to the Business Manager. There was no documentation of a review by a separate individual to ensure the end of month balances were accurate.

GREENFIELD-CENTRAL COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The lack of controls was a systematic issue, which occurred throughout 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 and ensured compliance with the grant agreement and the compliance requirements listed above.

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements listed above.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

**FINDING 2019-003**

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 17-18, FY 18-19

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

GREENFIELD-CENTRAL COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Repeat Finding*

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

*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 Procurement and Suspension and Debarment compliance requirement.

The School Corporation had not designed or implemented adequate internal controls to ensure that proper procurement methods were selected prior to purchasing goods that were not contracted through a purchasing cooperative.

The School Corporation's procurement policy did not address the methods of procurement required by federal guidelines. The policy did not include the procedures for each method of procurement (micro purchase, small purchase or simplified acquisition) and the thresholds for each method.

There were multiple vendors that met the requirements for small purchases; however, the School Corporation did not obtain price or rate quotations from an adequate number of qualified sources as required by federal guidelines.

The School Corporation was part of a Cooperative that handled the procurement and suspension and debarment requirements for the program. However, the School Corporation did not have procedures in place to check vendors for suspension and debarment before entering into covered transactions.

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:

(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(a) states: "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."

2 CFR 200.319 states in part:

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

GREENFIELD-CENTRAL COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

(c) The non-Federal entity must have written procedures for procurement transactions. These procedures must ensure that solicitations:

- (1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. . . .
- (2) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluation bids and proposals. . . ."

2 CFR 200.320 states in part:

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

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

(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.

(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply. . . ."

*Cause*

Management had not developed a system of internal controls that segregated key functions and 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, including segregation of duties, and ensure compliance related to the grant agreement and Procurement and Suspension and Debarment compliance requirement.

GREENFIELD-CENTRAL COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

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



January 15, 2020

Dr. Harold Olin,  
Superintendent

Dr. Lori Katz  
Dir. of Secondary Educ.

Mrs. Megan Thompson  
Dir. of Elementary Educ.

Mr. Scott Kern,  
Dir. of Human Resources

Mr. Nathaniel Day,  
Business Manager

Summary Schedule of Prior Audit Findings

**Finding 2017-001**-Internal Controls Over Financial Transactions

Finding initially occurred in FY:	2015
Contact Person Responsible:	Ruthann Fisher and Nathaniel Day
Contact Phone #:	317-462-4434

Cash and Investment – We continue to fully complete the bank reconciliation and include the cash and investment account in our review.

Receipts – All checks/cash are directed to the payroll clerk. The payroll clerk prepares a hand written receipt and gives all monies, along with receipt copy to Treasurer. Beginning Jan 2019 payroll clerk entered money received into a spreadsheet. Treasurer uses spreadsheet to confirm deposits. Treasurer prepares deposit and posts official receipts. Payroll clerk verifies deposit report to spreadsheet.

Disbursements – Disbursements are reviewed and signed by both the parties that are responsible for the transaction and the reviewer

SEFA – The SEFA is completed jointly by the business manager and treasurer with documentation

**Finding 2017-002**- Transactions in the Child Nutrition Program

Finding initially occurred in FY:	2015
Contact Person Responsible:	Ruthann Fisher and Nathaniel Day
Contact Phone #:	317-462-4434

Allowable Costs – The corporation no longer allocates salary between School Nutrition and another fund. All workers paid from School Nutrition only work on School Nutrition.

Eligibility – We reviewed and provided training to the Dietitian and the Food Service Director on the eligibility parameters

Reporting – All reports are reviewed by the Business Manager, Food Services Director and/or Dietitian before submittal.

Special Tests and Provisions – Verification, PLE and School Food Accounts: These items are being completed and reviewed by the Business Manager, Food Services Director and/or Dietitian and are signed after review.



**Finding 2017-003 – Cash Management**

Finding initially occurred in FY:	2015
Federal Agency:	DOA
Pass-Through Entity:	Indiana Dept of Education
Contact Person Responsible:	Nathaniel Day
Contact Phone #:	317-462-4434

The 3 month balance is reviewed monthly by the Food Service Director and Business Manager. We have updated this process with guidance from the DOE School Nutrition Department.

**Finding 2017-004 – Procurement**

Finding initially occurred in FY:	2017
Federal Agency:	DOA
Pass-Through Entity:	Indiana Dept of Education
Contact Person Responsible:	Nathaniel Day
Contact Phone #:	317-462-4434

We field a complete and compliant Procurement Policy as part of the annual application to participate in the School Nutrition Program. We also updated our bid process.

**Finding 2017-005 – Prepaid Lunch Fund**

Finding initially occurred in FY:	2017
Federal Agency:	DOA
Pass-Through Entity:	Indiana Dept of Education
Contact Person Responsible:	Nathaniel Day
Contact Phone #:	317-462-4434

We now deposit all prepaid meal money to Fund 8400 and expend money as needed based on lunch sales. This is reviewed and processed by the Food Service Director and the deputy treasurer.

**Finding 2017-006 – Special Education Cluster**

Finding initially occurred in FY:	2017
Federal Agency:	DOE
Pass-Through Entity:	Indiana Dept of Education
Contact Person Responsible:	Nathaniel Day
Contact Phone #:	317-462-4434

Activities Allowed and Unallowed – Payroll and benefits are now entered and reviewed by 2 people. The transactions are posted by the Treasurer.  
Period of Performance and Reporting – Grant Disbursements and Special Reports are completed by the Deputy Treasurer and reviewed by the Director of Student Services and the Business Manager

**Finding 2017-007 – Cash Management**

Finding initially occurred in FY:	2017
Federal Agency:	DOA
Pass-Through Entity:	Indiana Dept of Education
Contact Person Responsible:	Nathaniel Day
Contact Phone #:	317-462-4434

Claims are completed via the use of actual expenditures and documented with reports from our financial system. Performance Based Awards are only paid from Education Fund and not comingled in Grant Funds. All claims are reviewed by the Director of Student Services.

**Finding 2017-008 – Earmarking and Reporting**

Finding initially occurred in FY:	2017
Federal Agency:	DOA
Pass-Through Entity:	Indiana Dept of Education
Contact Person Responsible:	Nathaniel Day
Contact Phone #:	317-462-4434

Proportionate Share Quarterly Reports are completed by the Director of Student Services and Deputy Treasurer and reviewed by the Business Manager.



CORRECTIVE ACTION PLAN

Dr. Harold Olin,  
Superintendent

Dr. Lori Katz  
Dir. of Secondary Educ.

Mrs. Megan Thompson  
Dir. of Elementary Educ.

Mr. Scott Kern,  
Dir. of Human Resources

Mr. Nathaniel Day,  
Business Manager

**FINDING 2019-001** (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Nathaniel Day

Contact Phone Number: 317-462-4434

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Segregation of duties has been introduced in to all financial transactions and duties. At least 2 employees prepare and review the receipts, disbursement, payroll and bank reconciliation processes and we have added a documentation activity to confirm this.

Cash and Investment:

Reconciling the bank statement will now include all accounts each month. After the statements are reconciled, the Deputy Treasurer and Business Manager will review and document the review process.

The Prepaid Lunch Fund will be reconciled with the student meal accounts. We will run a statement of account balances from our food service accounting software and compare it to our Komputrol Fund report.

Disbursements:

Payroll is generated by the Treasurer and Payroll Specialist. The Payroll Specialist and Administrative Assistant to the Business Manager review the payroll. Before posting the Treasurer reviews their work and posts payroll.

Anticipated Completion Date: The fixes for the bank reconciliation and payroll were implemented in January 2019, and have been ongoing since that point. We will continue to refine and improve our Internal Controls throughout the audit period. We will begin reconciling the Prepaid Lunch Fund in March of 2019 and will document the review process.

**FINDING 2019-002 (Auditor Assigned Reference Number)**

Contact Person Responsible for Corrective Action: Nathaniel Day  
Contact Phone Number: 317-462-4434

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Cash Management: The Food Service Director and Business Manager will calculate the average 3 month balance limit and compare the current month balance to the limit as part of the month end report review. We will document the review process.

Program Income: We have refined our use of Fund 8400 to follow proper receipt and expenditure procedure. The Administrative Assistant to the Business Manager, Deputy Treasurer and Food Service Director will review deposits and make the appropriate transfers to the Food Service Fund each month. We will document the review process

Special Tests and Provisions – Verification of Free and Reduced Lunch Applications: The Dietitian will complete the verification and review with the Food Service Director. We will document the review process

Reporting:

All Sponsor Claims, SFA Verification Collection Reports, Monthly Reports and Annual Financial Reports will be reviewed by the Director of Food Service and Business Manager and/or Dietitian. We will document the review process.

Anticipated Completion Date: The fixes were implemented in January 2019, and have been ongoing since that point. We will continue to refine and improve our Internal Controls throughout the audit period.

**FINDING 2019-003 (Auditor Assigned Reference Number)**

Contact Person Responsible for Corrective Action: Nathaniel Day  
Contact Phone Number: 317-462-4434

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Food Service Director and Business Manager will develop a procurement policy that conforms to the grant agreement and review all procurement activities to insure compliance. Each procurement activity will be reviewed against this policy and a procurement documentation will be completed.

Anticipated Completion Date: A new procurement plan was filed with state in October 2019, and we will continue to refine and improve our Procurement Policy throughout the audit period.

## 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/>.