

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

PORTAGE TOWNSHIP SCHOOLS

PORTER COUNTY, INDIANA

July 1, 2017 to June 30, 2019



**FILED**  
03/23/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director of Finance/Treasurer	Wendy Kulczyk Nicholas Gron	07-01-17 to 08-17-18 08-18-18 to 12-31-20
Superintendent of Schools	Dr. Amanda Alaniz	07-01-17 to 12-31-20
President of the School Board	Andrew Maletta Cheryl Oprisko Andrew Maletta	07-01-17 to 12-31-18 01-01-19 to 12-31-19 01-01-20 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 PORTAGE TOWNSHIP SCHOOLS, PORTER 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 Portage Township Schools (School Corporation), for the period of July 1, 2017 to June 30, 2019, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated 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 item 2019-002.

***Portage Township Schools' Response to Findings***

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

February 27, 2020



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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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 PORTAGE TOWNSHIP SCHOOLS, PORTER COUNTY, INDIANA

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

We have audited the Portage Township Schools' (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2017 to June 30, 2019. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

***Basis for Qualified Opinion on Child Nutrition Cluster***

As described in item 2019-004 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Cash Management that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

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)

**Qualified Opinion on Child Nutrition Cluster**

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, 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 the Child Nutrition Cluster for the period of July 1, 2017 to June 30, 2019.

**Unmodified Opinion on Each of the Other Major Federal Programs**

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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2017 to June 30, 2019.

**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 2019-005. 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.

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)

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.

**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*  
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.

PORTAGE TOWNSHIP SCHOOLS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2018 and 2019

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program							
	Indiana Department of Education	10.553	FY 17-18	\$ -	\$ 558,253	\$ -	\$ -
		10.553	FY 18-19	-	-	-	501,501
				-	558,253	-	501,501
Total - School Breakfast Program							
National School Lunch Program							
	Indiana Department of Education	10.555	FY 17-18	-	1,859,669	-	-
		10.555	FY 18-19	-	-	-	1,727,937
			FY17-18,FY18-19	-	422,708	-	307,609
				-	2,282,377	-	2,035,546
Total - National School Lunch Program							
Summer Food Service Program for Children							
	Indiana Department of Education	10.559	FY 17-18	-	119,235	-	-
		10.559	FY 18-19	-	-	-	117,490
				-	119,235	-	117,490
Total - Summer Food Service Program for Children							
Total - Child Nutrition Cluster							
Total - Department of Agriculture							
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States							
	Indiana Department of Education	84.027	14216-089-PN01	-	5,051	-	-
		84.027	14217-048-PN01	-	366,041	-	6,730
		84.027	18611-048-ON01	-	1,424,232	-	335,864
		84.027	19611-048-PN01	-	-	-	1,398,970
				-	1,795,324	-	1,741,564
Total - Special Education Grants to States							
Special Education Preschool Grants							
	Indiana Department of Education	84.173	18619-048-PN01	-	44,360	-	386
		84.173	19619-048-PN01	-	-	-	45,116
		84.173	45717-048-PN01	-	1,087	-	-
				-	45,447	-	45,502
Total - Special Education Preschool Grants							
Total - Special Education Cluster (IDEA)							

PORTAGE TOWNSHIP SCHOOLS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2018 and 2019

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19
Title I Grants to Local Educational Agencies	Indiana Department of Education						
Title I Grants		84.010	S010A150014	-	424,435	-	-
Title I		84.010	S010A170014	-	873,498	-	600,162
Title I		84.010	S010A180014	-	-	-	852,234
Total - Title I Grants to Local Educational Agencies				-	1,297,933	-	1,452,396
English Language Acquisition State Grants	Indiana Department of Education						
Title III		84.365	01118-076-PN01	-	-	-	2,589
Title III		84.365	0166-081-PN01	-	85	-	-
Title III		84.365	0117-078-PN01	-	17,412	-	-
Title III		84.365	0118-076-PN01	-	12,622	-	-
Title III		84.365	S365A180014	-	-	-	12,841
Total - English Language Acquisition State Grants				-	30,119	-	15,430
Supporting Effective Instruction State Grants	Indiana Department of Education						
Title II-A		84.367	S367A150015	-	145,742	-	-
Title II-A		84.367	S367A160013	-	196,284	-	68,155
Title II		84.367	S367A170013	-	-	-	221,259
Title II		84.367	S367A180013	-	-	-	20,302
Total - Supporting Effective Instruction State Grants				-	342,026	-	309,716
Student Support and Academic Enrichment Program	Indiana Department of Education						
Title IV		84.424	S424A170015	-	11,000	-	36,460
Total - Student Support and Academic Enrichment Program				-	11,000	-	36,460
Total - Department of Education				-	3,521,849	-	3,601,068
Total federal awards expended				\$ -	\$ 6,481,714	\$ -	\$ 6,255,605

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

PORTAGE TOWNSHIP SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2018 and 2019. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

**B. Other Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

**Note 2. Indirect Cost Rate**

The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3. Special Education Cooperative**

The School Corporation is a member of a special education cooperative (Cooperative). As a result, some activity for the Special Education Cluster (IDEA) that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

PORTAGE TOWNSHIP SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

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

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

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

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2019-001**

Subject: Financial Transactions and Reporting  
Audit Finding: Material Weakness

*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 separated incompatible activities related to Average Daily Membership (ADM) reporting and payroll disbursements.

PORTAGE TOWNSHIP SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*ADM*

Although the School Corporation accurately reported eligible students in its ADM, the School Corporation did not have proper controls in place to ensure accurate reporting of ADM. The School Corporation's supporting documentation for ADM for the fiscal years ending June 30, 2018 and 2019, did not agree to the School Corporation Summary. It was determined that School Corporation officials were not provided the supporting documentation from the special education cooperative for students attending other schools for special education needs. By certifying ADM without all the supporting documentation of student counts, officials were at risk of incorrectly reporting ADM.

*Payroll Disbursements*

Payroll and payroll withholdings were approved by the School Board and Director of Finance prior to payment from the Payroll Clearing fund in total. There was not a review of the gross payroll and benefits from a list of employees individually by fund. Therefore, it could not be determined that a control was in place that ensured that employees were paid the proper rates or from the proper funds.

*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. . . ."

*Cause*

Management of the School Corporation had not established a proper system of internal controls for the reporting of ADM or the review of payroll disbursements and payroll withholdings.

*Effect*

The failure to establish a system of internal controls could have 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.

PORTAGE TOWNSHIP SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2019-002**

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

*Condition and Context*

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation had not established effective internal controls over the federal award information entered in the Indiana Gateway for Government Units financial reporting system, which was the source of the School Corporation's SEFA.

Due to the lack of controls, the following errors resulted in the overstatement of the SEFA by \$49,317 and \$835,663 as of June 30, 2018 and 2019, respectively.

1. The English Language Acquisition State Grants expenditures were overstated by \$721,675 as of June 30, 2019.
2. The National School Lunch Program commodities were overstated by \$60,317 and \$28,613 as of June 30, 2018 and 2019, respectively.
3. The Title I Grants to Local Educational Agencies expenditures were overstated by \$85,375 as of June 30, 2019.
4. The Student Support and Academic Enrichment Program expenditures were omitted as of June 30, 2018, which understated the federal expenditures by \$11,000.

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. . . .

PORTAGE TOWNSHIP SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

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

2 CFR 200.508 states in part:

"The auditee must: . . .

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

2 CFR 200.510(b) states:

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

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

*Cause*

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

PORTAGE TOWNSHIP SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

Without a proper system of internal control 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.

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

**FINDING 2019-003**

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: Activities Allowed or Unallowed, Allowable Costs/Cost  
Principles, Program Income, Special Tests and  
Provisions - School Food Accounts, and Special  
Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

*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 following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Program Income, Special Tests and Provisions - School Food Accounts and Special Tests and Provisions - Paid Lunch Equity.

*Activities Allowed or Unallowed and Allowable Costs/Cost Principles*

The Food Service Director received a payroll report indicating the employees paid and amounts paid from the School Lunch fund. However, a review or oversight process was not documented to ensure that only those food service employees were recorded in the School Lunch fund and that those amounts were accurate.

*Program Income*

The School Corporation had no evidence of controls to ensure that the prices charged for meals were accurate and that receipts generated from the cafeteria sales were properly recorded.

*Special Tests and Provisions - School Food Accounts*

The School Corporation had not established controls to ensure that all activity related to the Child Nutrition Cluster was recorded in the School Corporation's records.

PORTAGE TOWNSHIP SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Special Tests and Provisions - Paid Lunch Equity (National School Lunch Program only)*

The Food Service Director completed the paid lunch equity calculation with a review process in place. However, a review or oversight process was not in place for the fiscal year 2018-2019 paid lunch equity calculations.

The lack of controls was a systemic issue throughout the audit period for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Program Income, and Special Tests and Provisions - School Food Account. The lack of controls for Special Tests and Provisions - Paid Lunch Equity 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 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*

The School Corporation's management had not developed or implemented a system of internal controls to ensure 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. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Program Income, Special Tests and Provisions - School Food Accounts, and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

*Views of Responsible Officials*

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

PORTAGE TOWNSHIP SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2019-004***

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): FY 17-18, FY 18-19  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Cash Management  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

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

*Condition and Context*

The School Corporation had not properly designed or implemented an effective internal control system related to the grant agreement and the Cash Management compliance requirement.

The School Corporation did not document that the unit properly tracked its School Lunch fund cash balance (net cash resources) to ensure that the balance did not exceed three months average expenditures during the audit period. The lack of controls and noncompliance were systemic issues throughout the audit period. The net cash resources in the School Lunch fund exceeded the three months average expenditures for all 24 months of the audit period. The average excess balances were \$874,592 and \$1,079,906 for the fiscal years 2017-2018 and 2018-2019, respectively.

Additionally, the School Corporation did not have documentation that they had created a spending plan for the excess cash balance or that this plan was approved by the pass through agency.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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)."

PORTAGE TOWNSHIP SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

7 CFR 220.7(e) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:  
. . .

(iv) Limit its net cash resource 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*

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Cash Management compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the 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.

**FINDING 2019-005**

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 Number and Year (or Other Identifying Number): FY 18-19  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Other Matters

*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 Procurement and Suspension and Debarment compliance requirements during fiscal year 2018-2019.

PORTAGE TOWNSHIP SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Procurement*

The School Corporation had a control designed to ensure compliance with the small purchase requirements. However, a review or oversight was not documented for six of the seven items tested.

The School Corporation did not obtain price or rate quotes from an adequate number of qualified sources for the purchase of goods or services that fell with the small purchase procedures for procurement for three of the seven vendors tested.

*Suspension and Debarment*

The School Corporation did not have effective internal controls in place to ensure compliance with the suspension and debarment requirements.

The School Corporation failed to verify that vendors were not suspended or debarred from participation in federal programs for three of the four vendors tested. The School Corporation did not search the Excluded Parties List Systems through the System of Award Manager Center, obtain a certification from the entity, or ensure that a clause or condition was added to the contract.

The lack of controls was limited to 2018-2019.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.320(b) states:

"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."

2 CFR 180.300 states:

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

PORTAGE TOWNSHIP SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

*Cause*

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

*Effect*

The failure to establish an effective internal control system enabled material 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's management establish controls to ensure compliance and comply with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2019-006**

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

Federal Agency: Department of Education

Federal Program: Title I Grant to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): S010A150014; S010A170014;  
S010A180014

Pass-Through Entity: Indiana Department of Education

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

Audit Finding: Material Weakness

*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 Reporting, and level of effort - maintenance of effort requirements of the Matching, Level of Effort, Earmarking compliance requirements.

The Indiana Department of Education (State) used the Form 9 financial reports submitted by the School Corporation to determine if they met the required maintenance of effort and in the State's submission of the average State per pupil expenditure data submitted to the National Center for Education Statistics. These reports were comprised of the School Corporation's transactions recorded during the audit period.

PORTAGE TOWNSHIP SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Controls were not in place to ensure that payroll related expenditures were recorded properly by fund, account, and object code.

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

The School Corporation's management had not established a system of internal controls to ensure 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. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Matching, Level of Effort, Earmarking and Reporting compliance requirements.

*Views of Responsible Officials*

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

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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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Director of  
Food Services

**Mrs. Dawn Kelley**  
Quality Assurance  
Coordinator

**Mrs. Abby Lewis**  
Accounting Specialist

**Mrs. Linda O'Hara**  
Operations  
Coordinator

**Mrs. Elizabeth  
Atherton**  
Receptionist

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2017-001 Child Nutrition Cluster - Cash Management***

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

Teresa Anderson  
219.763.8008

Status of Audit Finding:

The Cash Management Corrective Action Plan was not completed by the anticipated completion date of Summer 2019. Shortly after the Corrective Action Plan was filed, the person responsible for the corrective action plan left Portage Township Schools in March of 2018. A new Food Service Director was hired, but also left the district in December of 2018 before the Corrective Action Plan could be implemented. The current Food Service Director was hired in February of 2019. An updated High Fund Balance Spending Report was submitted to the appropriate Office of School and Community Nutrition representative from the Indiana Department of Education in October of 2019. The excess cash balance will be monitored monthly in a spreadsheet program by the Food Service Accountant and reviewed by the Director using cash balance statements provided by the Finance Department.

*Teresa Anderson*

2-10-2020



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2017-002 Special Education Cluster - Level of Effort, Reporting***

Fiscal year in which the finding initially occurred: FY 15-16, FY 16-17

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action:

Nicholas Gron  
Portage Township Schools  
219.762.6009

Contact Phone Number:

Status of Audit Finding:

Level of Effort-Maintenance of Effort (MOE): Procedures were implemented in which the Porter County Education Service Center (PCES) accounting personnel calculate MOE and provide the calculation and summary data to each member school corporation for review. The Director or Assistant Director of Finance document review of the calculation through a return e-mail to PCES. This procedure began June 6, 2018.

Reporting: The PTS Data department will generate the Termination Report and Expulsion and Suspension Report, and this will be reviewed by the district's expulsion officer before submission. This process will begin by April 2020

Nicholas Gron

Director of Finance

February 27, 2020



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**DEPARTMENT OF GRANTS & ASSESSMENTS**

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**Dr. Amanda Alaniz**  
 Superintendent of Schools

***FINDING 2017-003 Title I Grants to Local Educational Agencies – Special Tests and Provisions – Annual Report Card, High School Graduation Rate and Special Tests and Provisions –***

**Dr. Michael Stephens**  
 Assistant Superintendent

***Assessment System Security***

**Mr. Robert Wilson**  
 Director of Achievement  
 & Innovative Student  
 Programs

Fiscal year in which the finding initially occurred: FY15-16, FY16-17

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Linda Williams, Director of Grants & Assessment

Contact Phone Number: (219)764-6209

**Mrs. Linda Williams**  
 Director of Grants &  
 Assessments

Status of Audit Finding:

**Mrs. Wilma Willard**  
 Title I Coordinator

Assessment Security System: A Google Sheets document has been prepared entitled "Test Security Checklist", accessible to school corporation administrators and building principals. This one document holds a tab for the administration building and for each school building, including SELF School, our special education cooperative building. Each tab lists all staff members who work at the building. In their tab, it is the principal's duty to document three things. 1) Signatures on the Test Security and Integrity Agreement, 2) completion of Test Security Training for both scheduled training events which have sign-in sheets as well as later trainings for those absent, and 3) administering/proctoring each assessment including ISTEP+, ILEARN, IREAD3, WIDA ACCESS, and I AM.

On-going throughout the year, each principal is held responsible to complete the checklist and ultimately signs the document certifying that their checklist is true and accurate. This task is to be completed by one week before the end of the school year, however, throughout the entire school year, the "Test Security Checklist" is monitored by Director Linda Williams to ensure compliance before a test window begins for any given assessment.

This process was instituted on March 1, 2018.

Annual Report Card: The Withdrawn Student Form was updated and revised to be consistent among all buildings. A new procedure was instituted: when a student withdraws, the student and parent/guardian will sign. The building principal will then sign the form. The original will be kept in the student's cumulative file, and a copy of the form will be sent to Central Office.

This process was instituted on April 1, 2018.

*Linda Williams*



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Director of Achievement  
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## CORRECTIVE ACTION PLAN

***FINDING 2019-001***

Contact Person Responsible for Corrective Action: David Lesich, Director of IT  
Contact Phone Number: (219) 764-6023

Views of Responsible Official:

The Portage Township Schools Data Department concurs with the findings in which there were deficiencies in the internal control related to reporting pertaining to supporting documentation from the Special Education Cooperative of students attending other schools for Special Education needs.

Description of Corrective Action Plan:

The ADM roster for Special Education students who are PTS students, but do not attend PTS school buildings, will be sent to the PCES director assigned to PTS for approval. Once the ADM conflict processing period has closed and any conflicts have been resolved, the roster and individual ADM report will be sent to the PCES director assigned to PTS for final approval

Anticipated Completion Date: February 2020

David Lesich

Director of Instructional Technology and Data Services

2/25/2020



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Director of Achievement  
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## CORRECTIVE ACTION PLAN

***FINDING 2019-001***

Contact Person Responsible for Corrective Action: Nicholas Gron, Director of Finance  
Contact Phone Number: (219) 762-6511

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

***Payroll Disbursements***

As an internal control, the payroll specialist will run a Detail Distribution Report prior to the review and approval of the direct deposit payroll file. The Director or Assistant Director of Finance will review this report for the accuracy of wages, funds, and fringes, and document such review. The file will be saved electronically, but the last page with the report total will be printed and initialed.

Anticipated Completion Date:

March 2020

Nicholas Gron

Director of Finance

2/25/2020



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## CORRECTIVE ACTION PLAN

***FINDING 2019-002***

Contact Person Responsible for Corrective Action: Nicholas Gron, Director of Finance  
Contact Phone Number: (219) 762 -6511

Views of Responsible Official:

I concur with the finding and it has been corrected

Description of Corrective Action Plan:

As an internal control, the Director of Finance and Assistant Director of Finance have reviewed the State Board of Accounts School Bulletin and Uniform Compliance Guideline Volume 221; Page 7 dated March 2018 describing the method to abstract the correct amount of commodities. The Assistant Director of Finance will review and document review of expenditures entered on the Schedule of Expenditures of Federal Awards (SEFA). The review proves will prevent and detect errors entered on the SEFA

Anticipated Completion Date:

The correction of the 2019 SEFA has been completed and documented.



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Director of Achievement & Innovative Student Programs

## CORRECTIVE ACTION PLAN

### FINDING 2019-003, Child Nutrition Cluster - Internal Controls

Contact Person Responsible for Correction Action: Teresa Anderson, Director of Food Services  
Contact Phone Number: (219) 763-8008

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

**Views of Responsible Official:**

The Payroll Distribution reports were reviewed, however, the Director of Food Services did not retain written documentation of this process. We concur with the finding.

**Description of Corrective Action Plan:**

The Director of Food Services and the Food Service Accountant will use a Payroll Distribution Report each pay period to verify that the school corporation does not charge non-food service related wages and benefits to a Food Service fund. The review process will prevent and detect errors and will be documented by initialing the report.

**Anticipated Completion Date:**

This process has been completed.

Special Tests and Provisions – Program Income

**Views of Responsible Official:**

We could not provide documentation that the former Director of Food Services implemented the proper meal pricing controls in 2018. In addition, the Finance Department was providing a Revenue Receipt Summary Report and the prepaid accounts were labeled Prepay Student and Prepay Adult. We concur with this finding.

**Description of Corrective Action Plan:**

The Finance Department will provide a Revenue Receipt Detail Report that documents revenue deposits by the fund number. When meal prices are updated in the Point of Sale system, the Director of Food Services and a person knowledgeable about the process shall verify the information as correct and sign system reports that reflect the proper pricing implementation.

**Anticipated Completion Date:**

This correction has already been completed.

Special Tests and Provisions - School Food Account

**Views of Responsible Official:**

We concur with the finding.



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Director of Achievement & Innovative Student Programs

***Description of Corrective Action Plan:***

The monthly reconciliation shall now include a review of the detailed monthly receipt and disbursement reports.

***Anticipated Completion Date:***

This correction will begin with the February 2020 reconciliation.

Special Tests and Provisions - Paid Lunch Equity

***Views of Responsible Official:***

The former Director of Food Services did not perform and retain the required PLE documentation in the Fall of 2018. We concur with the finding.

***Description of Corrective Action Plan:***

As an internal control, the Director of Food Services will prepare and initial the paid lunch equity calculation and the Food Services Accountant will review and initial the calculation.

***Anticipated Completion Date:***

The PLE tool for SY 2019-2020 was completed in the Fall of 2019. Reports will be completed as specified in the Corrective Action Plan and maintained in the files.

Teresa Anderson  
(Signature)

Director of Food Services  
(Title)

February 27th, 2020  
(Date)



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Assistant Superintendent

**Mr. Robert Wilson**  
Director of Achievement & Innovative Student Programs

CORRECTIVE ACTION PLAN

**Finding 2019-004, Child Nutrition Cluster - Cash Management**

Contact Person Responsible for Correction Action: Teresa Anderson, Director of Food Services  
Contact Phone Number: (219) 763-8008

***Views of Responsible Official:***

We concur with this finding.

***Description of Corrective Action Plan:***

Shortly after the previous Corrective Action Plan was filed, the person responsible for the Corrective Action Plan left Portage Township Schools in March of 2018. A new Director of Food Services was hired, but also left the district in December of 2018 before the Corrective Action Plan could be implemented.

The current Director of Food Services was hired in February of 2019. An updated High Fund Balance Spending Report was submitted to the appropriate Office of School and Community Nutrition representative from the Indiana Department of Education in October of 2019. The excess cash balance will be monitored monthly in a spreadsheet program by the Food Services Accountant and reviewed by the Director of Food Services using cash balance statements provided by the Finance Department. We will continue to provide the Indiana Department of Education with spending plans when necessary.

***Anticipated Completion Date:***

The High Fund Balance Spending Report has already been approved for SY 2019-2020. We will continue to implement the plan to spend the cash reserve with the objective to be in compliance with the cash management requirement no later than the end of the 2020-2021 fiscal year.

Teresa Anderson  
(Signature)

Director of Food Services  
(Title)

February 27th, 2020  
(Date)



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**Dr. Michael Stephens**  
Assistant Superintendent

**Mr. Robert Wilson**  
Director of Achievement & Innovative Student Programs

## CORRECTIVE ACTION PLAN

### **Finding 2019-005, Child Nutrition Cluster - Procurement, Suspension and Debarment**

Contact Person Responsible for Correction Action: Teresa Anderson, Director of Food Services  
Contact Phone Number: (219) 763-8008

#### Procurement

***Views of Responsible Official:***

The former Director of Food Services did not have internal controls in place to ensure that purchasing methods complied with 2 CFR 200.320 and the requirements for small purchases for the 2018-2019 audit year. We concur with this finding.

***Description of Corrective Action Plan:***

We have established internal controls to provide reasonable assurances that we are obtaining and maintaining quotes for small vendor purchases. We maintain a micro-purchase log to assist us in equitably distributing purchases among vendors. We complete a Procurement Summary with dual signatures of verification and attach documentation and quotes for small purchases.

***Anticipated Completion Date:***

This correction has already been completed

#### Suspension and Debarment

***Views of Responsible Official:***

The former Director of Food Services did not ensure that the suspension and debarment requirements of 2 CFR 180.300 were met for the 2018-2019 audit year. We concur with this finding.

***Description of Corrective Action Plan:***

Upon entering a contract, documentation will be kept in our records that either indicates: (1) a Suspension & Debarment search was performed, (2) a certification was collected, or (3) that there was a clause or condition in the covered transaction.

***Anticipated Completion Date:***

This correction has already been completed.

Teresa Anderson  
(Signature)

Director of Food Services  
(Title)

February 27th, 2020  
(Date)



# PORTAGE TOWNSHIP SCHOOLS

6240 U.S. Highway 6, Portage, Indiana 46368 | Phone (219)762-6511 | Fax (219)763-8009

*Educating, Empowering, and Inspiring Excellence*

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## CORRECTIVE ACTION PLAN

***FINDING 2019-006***

Contact Person Responsible for Corrective Action: Nicholas Gron, Director of Finance  
Contact Phone Number: (219) 762-6511

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

As an internal control, the payroll specialist will run a Detail Distribution Report prior to the review and approval of the direct deposit payroll file. The Director or Assistant Director of Finance will review this report for the accuracy of fund, account, and object code, and document such review. The file will be saved electronically, but the last page with the report total will be printed and initialed.

Anticipated Completion Date:

March 2020

Nicholas Gron

Director of Finance

2/25/2020

## 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/>.