

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

FEDERAL COMPLIANCE AUDIT REPORT
OF

PERRY CENTRAL COMMUNITY
SCHOOL CORPORATION
PERRY 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>
Treasurer	Sarah Briggeman	01-01-17 to 12-31-20
Superintendent of Schools	Mary Roberson Tara Bishop	07-01-17 to 12-31-19 01-01-20 to 12-31-20
President of the School Board	Tim Edwards	01-01-17 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 PERRY CENTRAL COMMUNITY
SCHOOL CORPORATION, PERRY 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 Perry 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 January 21, 2020, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

January 21, 2020, except for our report on the Schedule of Expenditures
of Federal Awards, for which the date is February 24, 2020



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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 PERRY CENTRAL COMMUNITY SCHOOL CORPORATION, PERRY COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Perry 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.

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)

Basis for Qualified Opinion on Child Nutrition Cluster and Twenty-First Century Community Learning Centers

As described in items 2019-002, 2019-003, and 2019-005 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs/Cost Principles, Program Income, and Procurement and Suspension and Debarment that are applicable to its Child Nutrition Cluster, and Allowable Costs/Cost Principles that are applicable to its Twenty-First Century Community Learning Centers. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Qualified Opinion on Child Nutrition Cluster and Twenty-First Century Community Learning Centers

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster and Twenty-First Century Community Learning Centers* 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 its Child Nutrition Cluster and Twenty-First Century Community Learning Centers for the period of July 1, 2017 to June 30, 2019.

Other 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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)

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001, 2019-002, 2019-003, and 2019-005 to be material weaknesses.

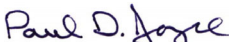
A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2019-004 to be a significant deficiency.

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 January 21, 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 24, 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.

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PERRY 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 6-30-2018	Total Federal Awards Expended 6-30-2018	Passed Through to Subrecipient 6-30-2019	Total Federal Awards Expended 6-30-2019
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 18/19	\$ -	\$ -	\$ -	\$ 68,546
School Breakfast Program			FY 17/18	-	61,578	-	-
Total - School Breakfast Program				-	61,578	-	68,546
National School Lunch Program	Indiana Department of Education	10.555					
School lunch program			FY 17/18	-	245,579	-	-
Commodities			FY 17/18	-	116,204	-	-
School lunch program			FY 18/19	-	-	-	249,337
Commodities			FY 18/19	-	-	-	60,719
Total - National School Lunch Program				-	361,783	-	310,056
Total - Child Nutrition Cluster				-	423,361	-	378,602
Child and Adult Care Food Program	Indiana Department of Education	10.558					
Child & Adult Care Food Prg.			FY 18/19	-	-	-	13,273
Child & Adult Care Food Prg.			FY 17/18	-	24,041	-	-
Total - Child and Adult Care Food Program				-	24,041	-	13,273
Total - Department of Agriculture				-	447,402	-	391,875
<u>Department of Justice</u>							
Juvenile Justice and Delinquency Prevention Title II ICJI Trauma Grant	Indiana Criminal Justice Institute	16.540	D3-18-12329	-	6,421	-	90,997
Total - Department of Justice				-	6,421	-	90,997
<u>Department of Education</u>							
Impact Aid	Indiana Department of Education	84.041					
Impact Aid			S041A-2016-1664	-	1,784	-	-
Impact Aid			S041A-2017-1664	-	-	-	795
Impact Aid			S041A-2018-1664	-	158,297	-	-
Impact Aid			S041A-2019-1664	-	-	-	158,297
Total - Impact Aid				-	160,081	-	159,092

PERRY 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 6-30-2018	Total Federal Awards Expended 6-30-2018	Passed Through to Subrecipient 6-30-2019	Total Federal Awards Expended 6-30-2019
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
FY 2016 Part B IDEA 611			14216-009-PN01	-	6,561	-	-
FY 2017 Part B IDEA 611			14217-009-PN01	-	163,662	-	2,267
FY 2018 Part B IDEA 611			18611-009-PN01	-	121,595	-	152,028
FY 2019 Part B IDEA 611			19611-009-PN01	-	-	-	121,287
Total - Special Education Grants to States				-	291,818	-	275,582
Special Education Preschool Grants	Indiana Department of Education	84.173					
FY 2018 Part B 619 Preschool			18619-009-PN01	-	1,301	-	4,126
FY 2019 Part B 619 Preschool			19619-009-PN01	-	-	-	3,233
FY 2017 Part B 619 Preschool			45717-009-PN01	-	4,328	-	32
Total - Special Education Preschool Grants				-	5,629	-	7,391
Total - Special Education Cluster (IDEA)				-	297,447	-	282,973
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I Part A			S010A150014	-	31,758	-	-
Title I Part A			S010A170014	-	78,637	-	10,687
Title I Part A			S010A180014	-	-	-	87,464
Total - Title I Grants to Local Educational Agencies				-	110,395	-	98,151
Education for Homeless Children and Youth	Indiana Department of Education	84.196					
Mckinney-Vento Homeless Grant			7000S196A160015	-	15,351	-	1,839
Mckinney-Vento Homeless Grant			7000S196A170015	-	-	-	9,207
Mckinney-Vento Homeless Grant			7000S196A150015	-	2,190	-	-
Total - Education for Homeless Children and Youth				-	17,541	-	11,046
Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287					
21st CCLC			S287C150014	-	39,467	-	-
21st CCLC			S287C160014	-	384,872	-	-
21st CCLC			S287C170014	-	-	-	332,232
Total - Twenty-First Century Community Learning Centers				-	424,339	-	332,232

PERRY 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 6-30-2018	Total Federal Awards Expended 6-30-2018	Passed Through to Subrecipient 6-30-2019	Total Federal Awards Expended 6-30-2019
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Part A			FY17	-	14,000	-	-
Title II Part A			S367A150015	-	3,322	-	-
Title II Part A			S367A160013	-	21,659	-	9,982
Title II Part A			S367A170013	-	-	-	20,423
Title II Part A			S367A180013	-	-	-	7,503
Total - Supporting Effective Instruction State Grants				-	38,981	-	37,908
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV Part A			S424A170015	-	-	-	22,613
Total - Department of Education				-	1,048,784	-	944,015
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid Reimbursement			FY 18/19	-	-	-	20,028
Medicaid Reimbursement			FY 17/18	-	29,276	-	-
Total - Medical Assistance Program				-	29,276	-	20,028
Total - Medicaid Cluster				-	29,276	-	20,028
Total - Department of Health and Human Services				-	29,276	-	20,028
Total federal awards expended				\$ -	\$ 1,531,883	\$ -	\$ 1,446,915

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

PERRY 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.

Note 3. Exceptional Children's Cooperative

The School Corporation is a member of the Exceptional Children's Cooperative (Cooperative). The Cooperative operates the special education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement of the School Corporation. This activity is reported on the financial statement of the Cooperative.

PERRY 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?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	yes
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

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

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
84.287	Child Nutrition Cluster Twenty-First Century Community Learning Centers	Qualified Qualified

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2019-001

Subject: Child Nutrition Cluster - Internal Controls
 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 Requirements: Cash Management, Eligibility
 Audit Finding: Material Weakness

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

Repeat Finding

Similar findings also appeared in the immediately prior audit report. The prior audit finding numbers were 2017-002 and 2017-004.

Condition and Context

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

Cash Management

The School Corporation had not designed or implemented adequate internal controls to ensure that the School Lunch fund monthly cash balances (net cash resources) were limited to three months average expenditures. There was no documented oversight, review, or monitoring of the cash balances.

Eligibility

An effective internal control system was not in place to ensure that all determinations of eligibility were calculated correctly. There was no segregation of duties, such as an oversight, review, or approval process, to ensure the information was correctly entered into the system.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

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

Questioned Costs

There were no questioned costs identified.

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

Recommendation

We recommended that the School Corporation's management establish and implement internal controls to ensure compliance with 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 2019-002

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles and Program Income
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 17/18, FY 18/19
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Allowable Costs/Cost Principles, Program Income
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

A similar finding also appeared in the immediately prior audit report. The prior audit finding number was 2017-003.

Condition and Context

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles and Program Income compliance requirements.

Allowable Costs/Cost Principles

The School Corporation developed a system of internal controls in which the Treasurer approved the biweekly payroll claims, which included the salaries and wages charged to the food service program. However, the School Corporation did not properly implement this system.

Several administrative staff members who worked on multiple cost objectives were compensated in part from the food service program. The School Corporation did not maintain adequate documentation of personnel expenses to certify the time charged to the grant. As a result, \$56,520 in unsupported payroll expenditures were charged to the grant. The School Corporation also paid the required Social Security and Medicare taxes (FICA) related to those payroll expenditures from the food service program, which resulted in \$4,324 in unsupported expenditures charged to the grant. In addition, the School Corporation paid retirement expenses for one staff member, which resulted in \$3,103 in unsupported expenditures charged to the grant. This resulted in a total of \$63,947 in expenditures charged to the food service program that were considered to be unallowable costs.

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

Program Income

Program income was added to the project budget as required by the grant. The School Corporation was allowed to use the program income received for purposes of operating and improving its food service program. However, due to the expenditures identified above as unallowable costs, program income was not used in accordance with the requirements of the grant.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over 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 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

2 CFR 200.430(i) states in part:

"*Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;

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

- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than on Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

2 CFR 200.307 states in part:

"(e) *Use of program income.* . . .

- (2) *Addition.* With prior approval of the Federal awarding agency (except for IHEs and nonprofit research institutions, as described in paragraph (e) of this section) program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must be used for the purposes and under the conditions of the Federal award. . . ."

Cause

Management of the School Corporation did not properly implement a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principle and Program Income compliance requirements.

Effect

The failure to properly implement an effective internal control system enabled material noncompliance to go undetected.

Questioned Costs

The expenditures noted above in the *Condition and Context* resulted in total unallowable costs of \$63,947 under the grant. This amount was considered questioned costs.

Recommendation

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

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

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
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: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

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

Condition and Context

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

Procurement

Procurements from five vendors during fiscal year 2017-2018 and four vendors during 2018-2019 fell within the small purchase procedures requirements, but there was no evidence that an adequate number of quotations were obtained or documentation as to the rationale to limit competition in those cases where competition was limited and that the limitation was justified. The total purchases for two vendors during 2017-2018 and two vendors during 2018-2019 exceeded the \$50,000 threshold, but the School Corporation did not enter into a written contract with any of these vendors.

Procurements from twenty-one vendors during 2017-2018 and eighteen during 2018-2019 fell within the micro-purchase procedures requirements. The School Corporation did not maintain a list of qualified vendors or maintain documentation for the rationale for selecting each vendor.

Suspension and Debarment

One employee was solely responsible for verification that the vendors with whom the School Corporation entered into a covered transaction were not suspended or debarred or otherwise excluded from or ineligible for participation in federal assistance programs. There was no evidence of independent review, oversight, or approval process to verify the vendors were checked prior to entering into a covered transaction.

The lack of controls and noncompliance were systemic issues occurring throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

(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 200.320 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-purchase 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. . . ."

Cause

Management of the School Corporation had not developed a system of internal controls that would have ensured compliance with the compliance requirement identified above.

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 and implement internal controls to ensure compliance with the compliance requirement listed above.

Views of Responsible Officials

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

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

FINDING 2019-004

Subject: Twenty-First Century Community Learning Centers - Internal Controls
Federal Agency: Department of Education
Federal Program: Twenty-First Century Community Learning Centers
CFDA Number: 84.287
Federal Award Numbers and Years (or Other Identifying Numbers): S287C150014, S287C160014,
S287C170014
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Activities Allowed or Unallowed
Audit Finding: Significant Deficiency

Condition and Context

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

The School Corporation developed a system of internal controls that expenditures charged to the grant were approved by the Superintendent of Schools and the School Board. However, the School Corporation did not properly implement this system. Transfers of expenditures from other funds were made into the grant funds that were not approved by the Superintendent of Schools or the School Board.

The lack of proper implementation of an effective internal control system was a systemic issue, which occurred throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must

(a) Establish and maintain effective internal control over 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 of the School Corporation did not properly implement a system of internal controls.

Effect

The failure to properly implement an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Activities Allowed or Unallowed compliance requirement.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish and implement internal controls to ensure compliance the compliance requirement 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 2019-005

Subject: Twenty-First Century Community Learning Centers - Allowable Costs/Cost Principles
Federal Agency: Department of Education
Federal Program: Twenty-First Century Community Learning Centers
CFDA Number: 84.287
Federal Award Numbers and Years (or Other Identifying Numbers): S287C150014, S287C160014,
S287C170014

Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Modified Opinion

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 Allowable Costs/Cost Principles compliance requirement.

There were multiple instances in which unallowable costs were charged to Twenty-First Century Community Learning Centers (Twenty-First Century).

Numerous certified staff and one non-certified staff member who worked on multiple cost objectives were compensated in part from Twenty-First Century funds. The School Corporation did not maintain the required documentation of personnel expenses to certify the time charged to the grant. As a result, \$69,062 in unsupported payroll expenditures were charged to the grant. The School Corporation also paid the required Social Security and Medicare taxes (FICA) related to those payroll expenditures from Twenty-First Century funds, which resulted in an additional \$5,283 in unsupported expenditures charged to the grant. This resulted in \$74,345 in expenditures charged to Twenty-First Century that were considered to be unallowable costs.

The School Corporation also made several transfers of expenditures totaling \$17,160 into Twenty-First Century funds for which the School Corporation could not provide adequate supporting documentation to certify that the expenditures were related to the grant. As a result, these expenditures were considered to be unallowable costs.

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

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

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 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .

(g) Be adequately documented. . . ."

2 CFR 200.430(i) states in part:

"*Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

(i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;

(ii) Be incorporated into the official records of the non-Federal entity;

(iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .

(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than on Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

Management of the School Corporation had not properly implemented a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

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

Effect

The failure to properly implement an effective internal control system enabled material noncompliance to go undetected.

Questioned Costs

The expenditures noted above in the *Condition and Context* resulted in total unallowable costs of \$91,505 under the grant. This amount was considered questioned costs.

Recommendation

We recommended that the School Corporation's management establish and implement internal controls to ensure compliance with the compliance requirement listed above.

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.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2017-001 Preparation of the Schedule of Expenditures of Federal Awards

Fiscal year in which the finding initially occurred: 2015
Contact Person Responsible for Corrective Action: Mary Roberson
Contact Phone Number: 812-843-5576

Status of Audit Finding:

This issue has been resolved as the treasurer prepares the SEFA and assistant superintendent reviews it to ensure it is accurate and complete.

Finding 2017-002 Child Nutrition Cluster – Internal Controls

Fiscal year in which the finding initially occurred: 2015
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Mary Roberson
Contact Phone Number: 812-843-5576

Status of Audit Finding: Beginning in the 2017-2018 school year the following changes were made:

Activities Allowed or Unallowed: *The Accounts Payable Voucher is attached to every disbursement claim and signed off by the individual approving purchases and the person documenting receipt.*

Eligibility: *An online application system is utilized so that parents enter their own data into the system. The online applications are verified by the ECA Treasurer. The ECA treasurer and office clerk enter lunch applications into the system. Eligibility is verified by the ECA Treasurer. Then a sample of approximately 20% of the applications will be reviewed by a third member of the office staff for verification of eligibility. This sample will come from applications that are denied and those that qualify for free or reduced status.*

Reporting: *Each month the ECA Treasurer sends a report of account balances to the superintendent principals, and club sponsors. This allows oversight of account income and expenditures. In addition, reports are submitted annually to the school board. Monthly sponsor claims for reimbursement, Annual Financial Report, and verification summaries will be shared with the superintendent and initialed.*

Verification of Applications: *After the ECA treasurer makes determinations of free and reduced lunch applications, another office staff member will do a random check of approximately 20% of the applications per year and will initial them for accuracy.*

Paid Lunch Calculation: *Each year the ECA Treasurer calculates the amount to be paid by full pay students. The calculation is reviewed by the superintendent, communicated with School Nutrition personnel, and approved by the school board.*

Special Test & Provision – School Food Accounts: *Each month, the ECA treasurer prepares the monthly claims reports. The Deputy Treasurer, Vickie Flamion, will review and initial them, and then they will be reviewed and initialed by the superintendent.*

Finding 2017-003 Child Nutrition Cluster – Allowable Costs/Cost Principles

Fiscal year in which the finding initially occurred: 2015
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Mary Roberson
Contact Phone Number: 812-843-5576

Status of Audit Finding:

Beginning with the 2016-2017 school year, cafeteria employees will sign their timecards weekly, and the supervisor will sign them to verify hours. Since then we have begun to utilize an electronic clock system that uses a thumbprint or unique password. At the end of the payroll period, the cafeteria manager will sign off on all cafeteria workers' time, and the ECA Treasurer will sign off on the cafeteria manager's time. Time studies will be conducted periodically (currently done 3 times per year) to insure that the percentage of salary paid from different accounts/funds are reflective of the work completed. We are still developing the protocol for this process and waiting for further direction from the Department of Education and SBOA. The superintendent will review the studies when they are completed, and the superintendent and treasurer will review the time studies and make adjustments if needed semi-annually.

Finding 2017-004 Child Nutrition Cluster – Cash Management

Fiscal year in which the finding initially occurred: 2015
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Mary Roberson
Contact Phone Number: 812-843-5576

Status of Audit Finding:

A plan was submitted and approved by the School Lunch Program for use of funds. Each year we have worked diligently with School Lunch Program staff to always have a plan in place. The ECA treasurer reviews the balance and makes calculations, and at the end of 2018 we were found in compliance. We will continue to review the cash balance on an ongoing basis, and the ECA treasurer and superintendent will sign off that they have reviewed this on the monthly report.

Finding 2017-005 Child Nutrition Cluster – Procurement and Suspension and Debarment

Fiscal year in which the finding initially occurred: 2015
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Mary Roberson
Contact Phone Number: 812-843-5576

Status of Audit Finding:

Beginning in the 2016-2017 school year, contracts entered into with successful vendors there was a statement added to contracts over \$25,000 that the company or individual is not suspended or disbarred from participation in federal programs. We have a policy in place for procurement procedures for federal money. For small purchases, we make a reasonable effort to secure the best price/value for each item. For purchases between \$3,500 and \$150,000, we will get at least 3 quotes. For purchases greater than \$150,000, we will obtain sealed bids.

Finding 2017-006 Child Nutrition Cluster – Program Income

Fiscal year in which the finding initially occurred: 2015
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Mary Roberson
Contact Phone Number: 812-843-5576

Status of Audit Finding:

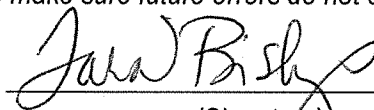
Beginning in the 2016-2017 school year income is now broken down into categories in the ledger. Daily collection reports are printed and saved for audit. A pre-paid trust was established in 2018, and by summer of 2019, the pre-paid trust was reconciled and operating as the vehicle for deposits and disbursements.

Finding 2017-007 Twenty-First Century Community Centers – Period of Performance

Fiscal year in which the finding initially occurred: 2017
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Mary Roberson
Contact Phone Number: 812-843-5576

Status of Audit Finding:

This was an error on our part. We have a new treasurer, who closely adheres to grant procedures, and oversight was provided by the assistant superintendent to make sure future errors do not occur.



(Signature)
Superintendent

(Title)
12-30-2019



Perry Central Community School Corporation
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www.pccs.k12.in.us
Tara Bishop, Ed.D., Superintendent

CORRECTIVE ACTION PLAN

FINDING 2019-001

Contact Person Responsible for Corrective Action: Tara Bishop
Contact Phone Number: 812-843-5576

Views of Responsible Official: We agree with this finding. The superintendent and ECA treasurer discussed the cash balance of the school lunch program throughout the audit period and worked to address the issue of having a balance that exceeded 3 months of expenses. They did not document these conversations, but the cash balance issue was corrected by the end of the audit period, which reflects that the conversations did occur.

Description of Corrective Action Plan: The ECA treasurer and superintendent will document their ongoing conversations about the monthly balance via email, and the superintendent will continue to review and sign the monthly balance report.

Anticipated Completion Date: 2/29/2020

FINDING 2019-002

Contact Person Responsible for Corrective Action: Tara Bishop
Contact Phone Number: 812-843-5576

Views of Responsible Official: We agree with this finding. At the prior audit, we were instructed to complete a Time Study in order to document the amount of time that was being charged to federal funds for administrative duties. The superintendent and auditors discussed a time study strategy, and that process was used during the audit period. The superintendent did not, however, have written documentation of the verbal conversation. The process used was to select random dates several times over the course of the school year and to have the employee complete a time study of that day's work. These were then compiled and reviewed with the Treasurer to determine the percentage of time that could legitimately be charged to applicable funds.

Description of Corrective Action Plan: We are in the process of determining a process that meets the expectations of SBOA. We have asked for guidance from the auditor and are waiting for that written guidance to establish a procedure.

Anticipated Completion Date: 6/30/2020

FINDING 2019-003

Contact Person Responsible for Corrective Action: Tara Bishop
Contact Phone Number: 812-843-5576

Views of Responsible Official: We concur with this finding.

Description of Corrective Action Plan: We are in the process of establishing a system to address this finding. We are discussing the development of a vendor checklist that includes the following: vendor name, date of suspension/debarment lookup (attach printout from SAM that has initials of ECA treasurer and another office staff member), date of contract, rationale for selecting the vendor, and the total spent with that vendor to date. We are considering updating this checklist on a monthly basis and having the treasurer and superintendent review and sign it.

Anticipated Completion Date: 6/30/2020

FINDING 2019-004

Contact Person Responsible for Corrective Action: Tara Bishop
Contact Phone Number: 812-843-5576

Views of Responsible Official: We concur with this finding.

Description of Corrective Action Plan: We will follow the system of internal controls that is in place and ensure that any transfers between funds are approved by the superintendent or School Board.

Anticipated Completion Date: 2/29/2020

FINDING 2019-005

Contact Person Responsible for Corrective Action: Tara Bishop
Contact Phone Number: 812-843-5576

Views of Responsible Official: We concur with this finding. There was one staff member for whom a Time and Effort log was not kept; however, that was corrected in the second year of the audit period after the prior auditor found this issue. For the majority of the personnel expenditures in question, the amounts were paid as stipends. The grant budgets, which were approved by the Indiana Department of Education and the Indiana Department of Administration, were written with stipends included. Stipends were selected because the activities being paid for were not finite in nature—they were for coaching a club or robotics team and required whatever amount of time and effort it took to ensure the teams were ready, similar to how athletic coaches are paid. It has not been the practice of the corporation to require time and effort (e.g., sign-in sheet, time sheet, etc.) for a stipend, nor had the corporation ever been directed to do so in prior audits which also included stipends.

Description of Corrective Action Plan: We are in the process of establishing a mechanism for documenting time and effort for stipends. We have asked SBOA for guidance and the IDOE for guidance, and each has pointed to the other as the authority. We hope to get written guidelines quickly so that we can correct this moving forward.

Anticipated Completion Date: 6/30/2020

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.