

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

FEDERAL COMPLIANCE AUDIT REPORT  
OF  
GREENCASTLE COMMUNITY SCHOOL CORPORATION  
PUTNAM COUNTY, INDIANA  
July 1, 2017 to June 30, 2019



**FILED**  
03/26/2020



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jayne Barber	07-01-17 to 10-12-18
	(Vacant)	10-13-18 to 10-16-18
	Rebecca Monroe	10-17-18 to 01-08-19
	(Vacant)	01-09-19 to 01-15-19
	Angela Modglin	01-16-19 to 03-22-19
	(Vacant)	03-23-19 to 04-19-19
	Kellie Romer (interim)	04-20-19 to 05-20-19
	Kellie Romer	05-21-19 to 06-30-20
Superintendent of Schools	Jeffrey L. Hubble	07-01-17 to 06-30-20
President of the School Board	Michael White	07-01-17 to 06-30-20



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 GREENCASTLE COMMUNITY SCHOOL  
CORPORATION, PUTNAM 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 Greencastle Community School Corporation (School Corporation), for the period of July 1, 2017 to June 30, 2019, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated February 13, 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.

***Greencastle Community School Corporation's Response to Findings***

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

***Purpose of This Report***

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

  
Paul D. Joyce, CPA  
State Examiner

February 13, 2020, except for the Schedule of Expenditures  
of Federal Awards, for which the date is March 4, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF THE GREENCASTLE COMMUNITY SCHOOL CORPORATION, PUTNAM COUNTY, INDIANA

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

We have audited the Greencastle 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.

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

As described in items 2019-004 and 2019-005 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Procurement and Suspension and Debarment and Program Income 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)

***Basis for Qualified Opinion on Special Education Cluster (IDEA)***

As described in items 2019-008, 2019-009, and 2019-010 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Matching, Level of Effort, Earmarking; Procurement and Suspension and Debarment; and Period of Performance that are applicable to its Special Education Cluster (IDEA). 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***

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.

***Qualified Opinion on Special Education Cluster (IDEA)***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* 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 Special Education Cluster (IDEA) 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.

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, 2019-006, 2019-007, 2019-008, 2019-009, and 2019-010, 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 13, 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

March 4, 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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GREENCASTLE COMMUNITY SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2018 and 2019

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 2018	\$ -	\$ 131,698	\$ -	\$ -
School Breakfast Program			FY 2019	-	-	-	134,640
Total - School Breakfast Program				-	131,698	-	134,640
National School Lunch Program							
Free Lunch Program	Indiana Department of Education	10.555					
Free Lunch Program			FY 2018	-	425,434	-	-
School Lunch Program - Commodities			FY 2019	-	-	-	438,568
School Lunch Program - Commodities			FY 2018	-	77,852	-	-
School Lunch Program - Commodities			FY 2019	-	-	-	81,200
Total - National School Lunch Program				-	503,286	-	519,768
Summer Food Service Program for Children							
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Service Program for Children			FY 2018	-	35,165	-	-
Summer Food Service Program for Children			FY 2019	-	-	-	40,880
Total - Summer Food Service Program for Children				-	35,165	-	40,880
Total - Child Nutrition Cluster				-	670,149	-	695,288
Total - Department of Agriculture				-	670,149	-	695,288
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
FY2015 Federal Part B 611 Grant			14216-079-PN01	-	27,874	-	-
FY2015 Federal Part B 611 Grant			14217-079-PN01	-	435,936	-	64,374
FY2018 Federal Part B 611 Grant			18611-079-PN01	-	76,478	-	236,457
Total - Special Education_Grants to States				-	540,288	-	300,831

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19
Special Education Preschool Grants	Indiana Department of Education	84.173					
FY2016 Federal Preschool 619 Grant			45716-079-PN01	-	19,692	-	-
FY2016 Federal Preschool 619 Grant			45717-079-PN01	-	18,018	-	4,160
FY2017 Federal Preschool 619 Grant			45718-079-PN01	-	-	-	7,220
Total - Special Education Preschool Grants				-	37,710	-	11,380
Total - Special Education Cluster (IDEA)				-	577,998	-	312,211
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 2016-2017			16-0014	-	97,650	-	-
Title I 2017-2018			17-0014	-	120,699	-	-
Title I 2018-2019			18-0014	-	-	-	325,150
Total - Title I Grants to Local Educational Agencies				-	218,349	-	325,150
Education for Homeless Children and Youth	Indiana Department of Education	84.196					
Homeless Children and Youth Program			FY 2016	-	13,000	-	-
Homeless Children and Youth Program			FY 2017	-	-	-	12,744
Total - Education for Homeless Children and Youth				-	13,000	-	12,744
Mathematics and Science Partnerships	Indiana Department of Education	84.366					
6900 MSP Grant			A58-6-I6CI-3738	-	77,889	-	8,130
Total - Mathematics and Science Partnerships				-	77,889	-	8,130
Improving Teacher Quality State Grants	Indiana Department of Education	84.367					
2015-2017 Title II Part A			15-0013	-	17,582	-	-
2016-2018 Title II Part A			16-0013	-	42,257	-	29,528
2017-2019 Title II Part A			17-0013	-	-	-	41,088
Total - Improving Teacher Quality State Grants				-	59,839	-	70,616

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19
Student Support and Academic Enrichment Program 2017-2018 Title IV Part A	Indiana Department of Education	84.424	S424A170015	-	-	-	30,163
Total - Student Support and Academic Enrichment Program				-	-	-	30,163
Twenty-First Century Community Learning Centers Cohort 9	Indiana Department of Education	84.287	S287C170014	-	-	-	136,614
Total - Twenty-First Century Community Learning Centers				-	-	-	136,614
Total - Department of Education				-	919,201	-	895,628
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Health and Human Services	93.778	FY2017-2018	-	7,214	-	-
Medical Assistance Program			FY2018-2019	-	-	-	46,186
Total - Medicaid Cluster				-	7,214	-	46,186
Total - Department of Health and Human Services				-	7,214	-	46,186
Total federal awards expended				\$ -	\$ 1,624,438	\$ -	\$ 1,637,102

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

GREENCASTLE 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.

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

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

Federal Awards:

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

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

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Qualified
Special Education Cluster	Qualified
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

*Repeat Finding*

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

*Condition and Context*

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

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

*Receipts*

The School Corporation had not separated incompatible activities related to receipts. Receipts were issued and recorded by the Treasurer without a documented oversight, review, or approval process. Control activities should be in place to reduce the risks of errors in financial reporting.

*Cash and Investments*

The School Corporation had designed, but not implemented an effective control in which the School Board reviewed the bank reconciliations.

*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. . . ."

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

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

Management remediates identified issues. . . ."

*Cause*

Management of the School Corporation had not established a proper system of internal control. An evaluation of the School Corporation's system of internal control had not been conducted.

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

*Effect*

The failure to establish a system of internal control could have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the School Corporation at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner.

*Views of Responsible Officials*

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

**FINDING 2019-002**

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

*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 SEFA contained the following errors:

1. The Summer Food Service Program for Children - fiscal year 2018-2019 expenditures were understated by \$7,185.
2. The School Lunch Program - Commodities - 2017-2018 expenditures were understated by \$77,852.
3. The School Lunch Program - Commodities - 2018-2019 expenditures were overstated by \$2,793.
4. The Special Education\_Grants to States - 2017-2018 expenditures were understated by \$27,874.
5. The Special Education Preschool Grants - 2017-2018 expenditures were understated by \$19,692.
6. The Special Education Preschool Grants - 2018-2019 expenditures were understated by \$16,878.
7. The Title I Grants to Local Educational Agencies - 2018-2019 expenditures were understated by \$144,701.
8. The Mathematics and Science Partnerships - 2018-2019 expenditures understated by \$8,130.
9. The English Language Acquisition State Grants - 2017-2018 expenditures were overstated by \$7,085.

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

10. The English Language Acquisition State Grants - 2018-2019 expenditures were overstated by \$8,991.
11. The Twenty-First Century Community Learning Centers - 2018-2019 expenditures were understated by \$136,614.
12. The Medical Assistance Program - 2017-2018 expenditures were understated by \$7,214.
13. The Medical Assistance Program - 2018-2019 expenditures were understated by \$46,186.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

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

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

2 CFR 200.508 states in part:

"The auditee must: . . .

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

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

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.

*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.

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

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

**FINDING 2019-003**

Subject: Child Nutrition Cluster - Cash Management  
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): FY2018, FY2019  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Cash Management  
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 Cash Management compliance requirement.

The School Corporation had not established an effective internal control system to ensure that documentation was retained to determine that the School Lunch fund cash balance (net cash resources) did not exceed three months average expenditures.

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 developed a system of internal control related to the grant agreement and the Cash Management compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Cash Management compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

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

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Cash Management compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2019-004**

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY2018, FY2019  
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. 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 Procurement and Suspension and Debarment compliance requirement.

*Procurement*

The School Corporation had not established effective controls to ensure that the purchasing method used complied with 2 CFR 200.320.

The School Corporation did not maintain proper documentation and approval for micro-purchases during the audit. A list of vendors was available to review, but many of the items tested on the list could not be traced from the claims and ledgers to the list.

*Suspension and Debarment*

The School Corporation had not established an effective internal control system to ensure compliance with suspension and debarment requirements. Controls were not adequate to ensure that vendors were not suspended or debarred from participation in federal programs for covered transactions.

The School Corporation did not perform procedures to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

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

GREENCASTLE 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 200.320 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 and services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable. . . ."

2 CFR 180.300 states:

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

You do this by:

- (a) Checking 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 control that would have ensured compliance with the grant agreement and 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 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.

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

*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 2019-005**

Subject: Child Nutrition Cluster - Program Income  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY2018, FY2019  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Program Income  
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 2017-004.

*Condition and Context*

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

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the food services program sales were properly recorded in the School Lunch fund.

The School Corporation had established the Prepaid School Meal Accounts fund, but the transfer to the School Lunch fund did not agree to the amount received for meals served.

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over 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). . . ."

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

7 CFR 210.14(c) states:

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

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

7 CFR 220.7(e) states in part:

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

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

*Cause*

The School Corporation's management had not developed adequate controls that would have ensured compliance with the grant agreement and the Program Income compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control to ensure compliance and comply with the grant agreement and the Program Income compliance requirement.

*Views of Responsible Officials*

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

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

***FINDING 2019-006***

Subject: Child Nutrition Cluster - Eligibility  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY2018, FY2019  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Eligibility  
Audit Findings: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2017-007.

*Condition and Context*

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

The Food Service Director is the sole person responsible for entering the applications and making the determination of eligibility on the free and reduced lunch applications. There was no evidence of an oversight, review, or approval process to ensure the accuracy of the eligibility determinations.

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*

The School Corporation's management had not developed a system of internal control that segregated key functions related to the grant agreement and the Eligibility compliance requirement.

*Effect*

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

GREENCASTLE 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 controls to ensure compliance with the grant agreement and the Eligibility compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2019-007**

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

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY2018, FY2019

Pass-Through Entity: Indiana Department of Education

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

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

One employee prepared the verification report. There was no evidence of an oversight or review process to ensure that verifications were properly performed.

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). . . ."

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

*Cause*

The School Corporation's management had not developed an effective internal control system related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of non-compliance with the grant agreement and the compliance requirement 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 effective controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2019-008**

Subject: Special Education Cluster (IDEA) - Level of Effort - Maintenance of Effort

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-079-PN01, 45716-079-PN01,  
14217-079-PN01, 45717-079-PN01,  
18611-079-PN01, 45718-079-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

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 2017-009.

*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 level of effort - maintenance of effort (MOE) requirement of the Matching, Level of Effort, Earmarking compliance requirement.

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

Amounts used for MOE calculations could not be traced to the School Corporation's records.

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over 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 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for three years from the date of submission of the final expenditure report, or for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

*Cause*

The School Corporation's management had not developed a system of internal control that would have ensured compliance with the MOE requirements.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to remain undetected. Noncompliance with the grant agreement and the Matching, Level of Effort, Earmarking 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 related to the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

*Views of Responsible Officials*

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

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

**FINDING 2019-009**

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment  
Federal Agency: Department of Education  
Federal Program: Special Education\_Grants to States, Special Education Preschool Grants  
CFDA Numbers: 84.027, 84.053  
Federal Award Numbers and Years (or Other Identifying Numbers): 14216-079-PN01, 45716-079-PN01,  
14217-079-PN01, 45717-079-PN01,  
18611-079-PN01, 45718-079-PN01  
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. The prior audit finding number was 2017-010.

*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*

The School Corporation had not established effective controls to ensure that proper procurement policies and the compliance requirements for small and micro-purchases were followed.

Management did not differentiate between micro-purchases (under \$3,500 in fiscal year 2017-2018 and \$10,000 in 2018-2019) and small purchases over \$3,500/\$10,000. Quotes were not obtained for small purchases and a list of vendors for micro-purchases was not maintained.

*Suspension and Debarment*

The School Corporation had not established effective controls to ensure that vendors were not suspended or debarred or otherwise excluded from participation in federal assistance programs.

The School Corporation did not perform any procedures to verify that vendors were not suspended or debarred from participation in federal programs before entering into a covered transaction.

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

GREENCASTLE 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 200.320 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 and services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

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

2 CFR 180.300 states:

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

You do this by:

- (a) Checking 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 control that would have ensured compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

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

*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 2019-010**

Subject: Special Education Cluster (IDEA) - Period of Performance

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-079-PN01, 45716-079-PN01,  
14217-079-PN01, 45717-079-PN01,  
18611-079-PN01, 45718-079-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Period of Performance

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 Period of Performance compliance requirement.

Disbursements were posted outside the period of performance and although corrections were made a detail of the corrections could not be provided.

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

GREENCASTLE 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 200.309 states:

"A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance (except as described in § 200.461 Publication and printing costs) and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity."

*Cause*

The School Corporation's management had not developed a system of internal control that would have ensured compliance with the Period of Performance compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to remain undetected. Noncompliance with the Period of Performance 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 related to the Period of Performance compliance requirement.

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

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



# GREENCASTLE COMMUNITY SCHOOL CORPORATION

1002 Mill Pond Lane, P.O. Box 480, Greencastle, IN 46135

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**Jeffrey Hubble, Superintendent**

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2017-001***

Fiscal year in which the finding initially occurred: 7/1/13 to 6/30/15  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
Contact Person Responsible for Corrective Action: Kellie Romer  
Contact Phone Number: 765.653.9771

**Status of Audit Finding: After SEFA entry was completed on 18-19 AFR, the report was printed, reviewed, and hand signed by the superintendent. This will continue to be an internal control.**

### ***FINDING 2017-002***

Fiscal year in which the finding initially occurred: 7/1/15 to 6/30/17  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
Contact Person Responsible for Corrective Action: Kellie Romer  
Contact Phone Number: 765.653.9771

**Status of Audit Finding: Immediately after clarification during out 17-18/18-19, internal controls were implemented to insure entered receipts made by the treasurer were reviewed and approved by the deputy treasurer or other designee.**

### ***FINDING 2017-003***

Fiscal year in which the finding initially occurred: 7/1/15 to 6/30/17  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
Contact Person Responsible for Corrective Action: Debbie Carrico/Kellie Romer  
Contact Phone Number: 765.653.9771

**Status of Audit Finding: Procurement paperwork submitted to State early 2019. Suspension and debarment confirmed through SAM website to eliminate ineligible vendors.**

### ***FINDING 2017-004***

Fiscal year in which the finding initially occurred: 7/1/13 to 6/30/15  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
Contact Person Responsible for Corrective Action: Kellie Romer  
Contact Phone Number: 765.653.9771

**Status of Audit Finding: Electronic payments through online payment vendor, Revtrak revenue directly to 8400 and transferred to 800 after SL verification referencing SBOA report. It was**



## GREENCASTLE COMMUNITY SCHOOL CORPORATION

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**Jeffrey Hubble, Superintendent**

brought to our attention recently that the same process will need to be followed concerning cash receipts. We have begun work on establishing this new process and should have in place in early 2020.

### ***FINDING 2017-005***

Fiscal year in which the finding initially occurred: 7/1/15 to 6/30/17  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
Contact Person Responsible for Corrective Action: Kellie Romer/Debbie Carrico  
Contact Phone Number: 765.653.9771

**Status of Audit Finding: All school lunch equipment has been audited as of Oct. 2019. All assets will be recorded in future AFR capital assets portion within Gateway beginning 19-20 reporting year. Property for school lunch and the corporation is now available online through Asset Control Solutions as of Dec. 9, 2019.**

### ***FINDING 2017-006***

Fiscal year in which the finding initially occurred: 7/1/13 to 6/30/15  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
Contact Person Responsible for Corrective Action: Debbie Carrico  
Contact Phone Number: 765.653.9771

**Status of Audit Finding: The food services assistant along with food services director will verify and sign reports prior to submission. This procedure began promptly after last audit review completed Jan. 2019.**

### ***FINDING 2017-007***

Fiscal year in which the finding initially occurred: 7/1/13 to 6/30/15  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
Contact Person Responsible for Corrective Action: Debbie Carrico  
Contact Phone Number: 765.653.9771

**Status of Audit Finding: This finding was not addressed after last audit. It was brought to our attention this audit. The process of a second review and signature will begin immediately. The food services director will complete and sign on free and reduced applications. The food services assistant will be the secondary review and signature before submission.**

### ***FINDING 2017-008***



## GREENCASTLE COMMUNITY SCHOOL CORPORATION

1002 Mill Pond Lane, P.O. Box 480, Greencastle, IN 46135

Phone: 765.653.9771 www.greencastle.k12.in.us Fax: 765.653.1282

**Jeffrey Hubble, Superintendent**

Fiscal year in which the finding initially occurred: 7/1/15 to 6/30/17  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
Contact Person Responsible for Corrective Action: Kim Sullivan/Kellie Romer  
Contact Phone Number: 765.653.9771

**Status of Audit Finding: Contracted services were not included with time and effort reports during audit period. They are now being included. Contracted services are paid as vendors and not through payroll.**

### ***FINDING 2017-009***

Fiscal year in which the finding initially occurred: 7/1/15 to 6/30/17  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
Contact Person Responsible for Corrective Action: Kellie Romer/Kim Sullivan  
Contact Phone Number: 765.653.9771

**Status of Audit Finding: It is understood the time period to be included with the MOE filing. We will be using 18-19 expenditure data for fiscal year 2020. MOE workbooks for fiscal 2020 have not yet been made available.**

### ***FINDING 2017-0010***

Fiscal year in which the finding initially occurred: 7/1/15 to 6/30/17  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
Contact Person Responsible for Corrective Action: Kim Sullivan/Kellie Romer  
Contact Phone Number: 765.653.9771

**Status of Audit Finding: Suspension and debarment confirmed through SAM website to eliminate ineligible vendors through June 2019. This process is being introduced to new special education secretary to continue with practice.**



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**Jeffrey Hubble, Superintendent**

## CORRECTIVE ACTION PLAN Audit 17-18/18-19 Financial Statement Findings

### ***FINDING 2019-001***

Contact Person Responsible for Corrective Action: Kellie Romer (Corporation Treasurer/Finance Director)  
Contact Phone Number: 765-653-9771

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: **Immediately after clarification from SBOA during out 17-18/18-19, internal controls were implemented to insure entered receipts made by the treasurer are reviewed and approved by the deputy treasurer or other designee. As for reconcilements, immediately after clarification from SBOA during out 17-18/18-19, internal controls were implemented to insure bank reconciliations made by the treasurer are reviewed and approved by the deputy treasurer or other designee**

Anticipated Completion Date: 12/2019



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**Jeffrey Hubble, Superintendent**

CORRECTIVE ACTION PLAN Audit 17-18/18-19  
SEFA

**FINDING 2019-002**

Also entered on SBOA website as a repeat finding <https://www.in.gov/sboa/5207.htm>

Contact Person Responsible for Corrective Action: Kellie Romer (Corporation Treasurer/Finance Director)  
Contact Phone Number: 765-653-9771 Ext. 105

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Internal control is in place effective July 2019. The Summary Schedule of Federal Awards (SEFA) will be reviewed and verified by the superintendent or assistant superintendent.

Anticipated Completion Date: Immediately 1/16/20

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

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

\_\_\_\_\_  
(Date)

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**Jeffrey Hubble, Superintendent**

## CORRECTIVE ACTION PLAN School Lunch Program

### ***FINDING 2019-003***

Contact Person Responsible for Corrective Action: Debbie Carrico (Food Services Director) Kellie Romer (Corporation Treasurer/Finance Director)  
Contact Phone Number: 765-653-9771 Ext. 105

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: The food services director is currently using a spreadsheet issued by State Board of Accounts in December 2019. The director will update the spreadsheet monthly with financial information issued by the finance director to establish 3 month averages and maintain.

Anticipated Completion Date: Process is currently in place. 1/16/20

### ***Finding 2019-004***

Contact Person Responsible for Corrective Action: Debbie Carrico (Food Services Director) Kellie Romer (Corporation Treasurer/Finance Director)  
Contact Phone Number: 765-653-9771 Ext. 105

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Procurement paperwork submitted to State early 2019. Suspension and debarment confirmed through SAMS website to eliminate ineligible vendors. Information from SAMS printed and filed verification.

Anticipated Completion Date: Process currently in place. 1/31/19

### ***Finding 2019-005***

Contact Person Responsible for Corrective Action: Debbie Carrico (Food Services Director) Kellie Romer (Corporation Treasurer/Finance Director)

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Contact Phone Number: 765-653-9771 Ext. 105

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: We have begun work on establishing this new process and should have in place in early 2020. All school lunch revenue will be receipted into 8400 to include online payments as well as point of sale transactions. Monthly reports will be generated and compared with 8400 balance at the end of each month to determine the amount of expended funds to be transferred to 800.

Anticipated Completion Date: Working with software company Skyward to establish reporting process. Projected completion is 2/28/20.

### ***FINDING 2019-006***

Contact Person Responsible for Corrective Action: Debbie Carrico (Food Services Director) Kellie Romer (Corporation Treasurer/Finance Director)

Contact Phone Number: 765-653-9771 Ext. 105

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: All free and reduced applications will be reviewed and eligibility verified by two person internal control; food services director and food services assistant.

Anticipated Completion Date: Immediately 1/16/20

### ***Finding 2019-007***

Contact Person Responsible for Corrective Action: Debbie Carrico (Food Services Director) Kellie Romer (Corporation Treasurer/Finance Director)

Contact Phone Number: 765-653-9771 Ext. 105

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: The verification report will be reviewed and verified by a two person internal control process that will include signatures and date of signature. All free and reduced

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applications, including online and handwritten, will be reviewed and eligibility verified by two person internal control; food services director and food services assistant.

Anticipated Completion Date: Immediately 1/16/20

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### CORRECTIVE ACTION PLAN Audit 17-18/18-19 Special Education

#### **FINDING 2019-008**

Also entered on SBOA website as a repeat finding <https://www.in.gov/sboa/5207.htm>

Contact Person Responsible for Corrective Action: Kellie Romer (Corporation Treasurer/Finance Director)  
Kim Sullivan (Special Education Director)  
Contact Phone Number: 765-653-9771 Ext. 105

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: It is understood the time period to be included with the MOE filing should be the previous school year. We will be using 18-19 expenditure data for fiscal year 2020 Maintenance of Effort calculations.

Anticipated Completion Date: Feb. 2020

#### **Finding 2019-009**

Also entered on SBOA website as a repeat finding <https://www.in.gov/sboa/5207.htm>

Contact Person Responsible for Corrective Action: Kellie Romer (Corporation Treasurer/Finance Director)  
Kim Sullivan (Special Education Director)  
Contact Phone Number: 765-653-9771 Ext. 105

Views of Responsible Official: We concur with the finding

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Description of Corrective Action Plan: Suspension and debarment confirmed through SAMS website to eliminate ineligible vendors. The verification process was introduced to special education director and secretary along with the deputy treasurer by finance director. All have a firm understanding moving forward that vendors must be checked for suspension/debarment and verification from SAMS printed and filed.

Anticipated Completion Date: Immediately 1/16/20

**FINDING 2019-010**

Also entered on SBOA website as a repeat finding <https://www.in.gov/sboa/5207.htm>

Contact Person Responsible for Corrective Action: Kellie Romer (Corporation Treasurer/Finance Director)  
Kim Sullivan (Special Education Director)  
Contact Phone Number: 765-653-9771 Ext. 105

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Errors were discovered and corrections were made but we were not able to determine if items claimed for reimbursement were in the proper period. A budget transaction was made on December 19, 2018 to make the correction. To insure that reimbursements are applied to the correct grant year, we are now submitting for reimbursements on a monthly basis.

Completion Date: 1/31/20

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

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

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## 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/>.