

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

CLOVERDALE 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 | Mendy Shrout | 07-01-17 to 06-30-20 |
| Superintendent of Schools | Greg Linton | 07-01-17 to 06-30-20 |
| President of the School Board | Vivian Whitaker | 01-01-17 to 12-31-19 |



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 CLOVERDALE 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 Cloverdale 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 November 25, 2019, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001, that we consider to be a material weakness.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001.

Cloverdale 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

November 25, 2019, except for the Schedule of Expenditures
of Federal Awards, for which the date is March 11, 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 CLOVERDALE COMMUNITY SCHOOL CORPORATION, PUTNAM COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Cloverdale 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

As described in items 2019-002 and 2019-003 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 major program for the 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.

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 each of its major federal programs for the period of July 1, 2017 to June 30, 2019.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2017 to June 30, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2019-007. Our opinion on each major federal program is not modified with respect to this matter.

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.

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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.


Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2019-002, 2019-003, 2019-004, 2019-005, 2019-006, and 2019-007, 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 November 25, 2019, 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 11, 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.

CLOVERDALE 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 | | | FY2018 | \$ - | \$ 74,579 | \$ - | \$ - |
| School Breakfast Program | | | FY2019 | - | - | - | 68,930 |
| Total - School Breakfast Program | | | | - | 74,579 | - | 68,930 |
| National School Lunch Program | | | | | | | |
| Free Lunch Program | Indiana Department of Education | 10.555 | | | | | |
| Free Lunch Program | | | FY2018 | - | 318,529 | - | - |
| Free Lunch Program | | | FY2019 | - | - | - | 327,351 |
| After School Snack Program | | | FY2018 | - | 9,730 | - | - |
| After School Snack Program | | | FY2019 | - | - | - | 10,661 |
| School Lunch Program - Commodities | | | FY2018 | - | 45,571 | - | - |
| School Lunch Program - Commodities | | | FY2019 | - | - | - | 48,080 |
| Total - National School Lunch Program | | | | - | 373,830 | - | 386,092 |
| Total - Child Nutrition Cluster | | | | - | 448,409 | - | 455,022 |
| Total - Department of Agriculture | | | | - | 448,409 | - | 455,022 |
| <u>Department of Education</u> | | | | | | | |
| Special Education Cluster (IDEA) | | | | | | | |
| Special Education_Grants to States | | | | | | | |
| FY2017 Federal Part B 611 Grant | Indiana Department of Education | 84.027 | 14217-046-PN01 | - | 99,071 | - | 17,910 |
| FY2016 Federal Part B 611 Grant | | | 14216-046-PN01 | - | 10,755 | - | - |
| FY2018 Federal Part B 611 Grant | | | 18611-046-PN01 | - | 234,077 | - | 105,161 |
| FY2019 Federal Part B 611 Grant | | | 19611-046-PN01 | - | - | - | 217,200 |
| Total - Special Education_Grants to States | | | | - | 343,903 | - | 340,271 |
| Special Education Preschool Grants | | | | | | | |
| FY2016 Federal Preschool 619 Grant | Indiana Department of Education | 84.173 | 45716-046-PN01 | - | 9,683 | - | - |
| FY2017 Federal Preschool 619 Grant | | | 45717-046-PN01 | - | 380 | - | 9,787 |
| FY2018 Federal Preschool 619 Grant | | | 18619-046-PN01 | - | 493 | - | 298 |
| FY2019 Federal Preschool 619 Grant | | | 19619-046-PN01 | - | - | - | 337 |
| Total - Special Education Preschool Grants | | | | - | 10,556 | - | 10,422 |
| Total - Special Education Cluster (IDEA) | | | | - | 354,459 | - | 350,693 |
| Title I Grants to Local Educational Agencies | | | | | | | |
| Title I 2016-2017 | Indiana Department of Education | 84.010 | 16-2475 | - | 248,901 | - | - |
| Title I 2017-2018 | | | 17-2475 | - | - | - | 277,493 |
| Total - Title I Grants to Local Educational Agencies | | | | - | 248,901 | - | 277,493 |

CLOVERDALE 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 |
|---|---|---------------------------|--|---|---|---|---|
| Supporting Effective Instruction State Grants 2016-2018 Title II Part A 2017-2019 Title II Part A | Indiana Department of Education | 84.367 | 16-2475 17-2475 | - - | 57,398 - | - - | - 33,810 |
| Total - Supporting Effective Instruction State Grants | | | | - | 57,398 | - | 33,810 |
| Student Support and Academic Enrichment Program 2017-2018 Title IV Part A | Indiana Department of Education | 84.424 | S424A170015 | - | 20,298 | - | 65,761 |
| Total - Student Support and Academic Enrichment Program | | | | - | 20,298 | - | 65,761 |
| Rural Education Title VI Part B | Indiana Department of Education | 84.358 | S358B170014 | - | 48,544 | - | - |
| Total - Rural Education | | | | - | 48,544 | - | - |
| Twenty-First Century Community Learning Centers Cohort 6 Cohort 8 Cohort 8 | Indiana Department of Education | 84.287 | S287C150014 S287C160014 S287C170014 | - - - | 26,361 185,443 - | - - - | - - 192,923 |
| Total - Twenty-First Century Community Learning Centers | | | | - | 211,804 | - | 192,923 |
| Total - Department of Education | | | | - | 941,404 | - | 920,680 |
| Department of Health and Human Services | | | | | | | |
| Medicaid Cluster | | | | | | | |
| Medical Assistance Program Medicaid Assistance Program Medicaid Assistance Program | Indiana Department of Health and Human Services | 93.778 | FY2017-2018 FY2018-2019 | - - | 30,215 - | - - | - 39,182 |
| Total - Medical Assistance Program | | | | - | 30,215 | - | 39,182 |
| Total Medicaid Cluster | | | | - | 30,215 | - | 39,182 |
| Total - Department of Health and Human Services | | | | - | 30,215 | - | 39,182 |
| Total federal awards expended | | | | \$ - | \$ 1,420,028 | \$ - | \$ 1,414,884 |

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

CLOVERDALE COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

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

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

B. Other Significant Accounting Policies

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

Note 2. Indirect Cost Rate

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

Note 3. Special Education Cooperative

The School Corporation is a member of the Old National Trail Special Services Cooperative (Cooperative), which 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 for the School Corporation. This activity is reported on the financial statement of the Cooperative.

CLOVERDALE 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 (IDEA) | Unmodified |
| Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| Auditee qualified as low-risk auditee? | no |

Section II - Financial Statement Findings

FINDING 2019-001

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

Repeat Finding

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

Condition and Context

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).

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

The School Corporation failed to properly review the federal grant information prepared and submitted into the Indiana Gateway for Government Units financial reporting system, which was the source of the SEFA, for accuracy prior to submission.

Due to the lack of controls, the SEFA presented for audit contained the following errors:

1. The School Breakfast Program - fiscal year 2017-2018 expenditures were overstated by \$4,671.
2. The National School Lunch Program - After School Snack Program - 2017-2018 expenditures were understated by \$9,730.
3. The National School Lunch Program - Commodities - 2017-2018 expenditures were understated by \$388.
4. The Twenty-First Century Community Learning Centers - 2017-2018 expenditures were overstated by \$4,873.
5. The Twenty-First Century Community Learning Centers - 2018-2019 expenditures were overstated by \$4,753.
6. The National School Lunch Program - After School Snack Program - 2018-2019 expenditures were understated by \$10,661.
7. The National School Lunch Program - Commodities - 2018-2019 expenditures were understated by \$3,013.
8. The Title I Grants to Local Educational Agencies - 2018-2019 expenditures were understated by \$5,555.
9. The Student Support and Academic Enrichment Program - 2018-2019 expenditures were understated by \$2,325.
10. The Medical Assistance Program - 2017-2018 expenditures were understated by \$30,215.
11. The Medical Assistance Program - 2018-2019 expenditures were understated by \$39,182.

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:

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

"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. . . ."

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. . . ."

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.

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

- (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.

Section III - Federal Award Findings and Questioned Costs

FINDING 2019-002

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): 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 2017-006.

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.

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

Procurement

The School Corporation did not comply with the procurement requirements for micro-purchases and small purchases. The School Corporation purchased goods without the appropriate procurement procedures in place.

The School Corporation did not obtain price or rate quotes from an adequate number of sources for purchases of goods or services exceeding \$3,500 in fiscal year 2017-2018 or \$10,000 in 2018-2019, which fell under the small purchase procedures. The School Corporation did not document the rationale for the method of procurement, especially when a noncompetitive proposal method was used.

The School Corporation did not have procedures in place to insure that micro-purchases were distributed equitably among qualified suppliers for purchases less than \$3,500 or \$10,000.

Suspension and Debarment

There were no controls in place to ensure that vendors were not suspended or debarred from participation in federal programs.

The School Corporation did not perform any procedures to verify that two of the four applicable 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.

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

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

(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.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

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

FINDING 2019-003

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

Condition and Context

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

The amounts charged for breakfast and lunch for fiscal year 2017-2018 did not agree to the amounts approved by the School Board.

In addition, the amounts recorded in the School Lunch fund did not agree to the sales reports for any of the months during the audit period.

The lack of controls and noncompliance were systemic issues throughout the audit period. The incorrect amount charged for breakfast and lunch was isolated to 2017-2018.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 210.14(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."

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

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 a system of internal control 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 enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the program income 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 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.

FINDING 2019-004

Subject: Child Nutrition Cluster - Special Tests and Provisions - Verification of Free and Reduced Meal Applications (NSLP), Special Tests and Provisions - School Food Accounts

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 Requirements: Special Tests and Provision - Verification of Free and Reduced Meal Applications (NSLP), Special Tests and Provisions - School Food Accounts

Audit Finding: Material Weakness

Repeat Finding

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

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

Condition and Context

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - School Food Accounts compliance requirements.

Verification of Free and Reduced Meal Applications (NSLP)

The Food Service Director determined eligibility for free and reduced lunches and was also responsible for verification of those applications in fiscal year 2017-2018. There was no oversight, review, or approval process during 2017-2018 to ensure that the verification process was accurate and complete.

School Food Accounts

The Treasurer posted the receipts for the school food accounts. There was no oversight, review, or approval process to ensure that the receipt process was accurate and complete.

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 controls that would have ensured compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) and the Special Tests and Provisions - School Food Accounts compliance requirements.

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.

CLOVERDALE 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 related to the grant agreement and the compliance requirements listed above.

Views of Responsible Officials

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

FINDING 2019-005

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

Repeat Finding

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

Condition and Context

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

The School Corporation did not have an effective internal control system in place to ensure that the balance in the School Lunch fund, which represents the net cash resources, did not exceed a three month average of School Lunch fund expenditures.

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

CLOVERDALE 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). . . ."

Cause

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

Effect

The failure to establish an effective internal control system 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.

Recommendation

We recommended that the School Corporation's management establish a system of internal control, including segregation of duties, related to 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 2019-006

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 Finding: Material Weakness

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

Repeat Finding

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

Condition and Context

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

The Food Service Director is the sole person responsible for 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 would have ensured compliance with 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.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal control, including segregation of duties, related to the grant agreement and the Eligibility compliance requirement.

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

Views of Responsible Officials

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

FINDING 2019-007

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment

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): 14216-046-PN01, 14217-046-PN01,
18611-046-PN01, 19611-046-PN01,
45716-046-PN01, 45717-046-PN01,
18619-046-PN01, 19619-046-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Condition and Context

The School Corporation is a member of the Old National Trail Special Services Cooperative (Cooperative). During the fiscal years 2017-2018 and 2018-2019, the Cooperative operated the special education program and spent the federal money on behalf of all its members. There was inadequate oversight performed by the School Corporation of the procurement and suspension and debarment procedures of the Cooperative.

Procurement

For the three vendors tested for 2017-2018, and two of the three vendors tested for 2018-2019, the Cooperative did not obtain price or rate quotes from an adequate number of qualified sources for purchases of goods or services that fell within the small purchase procedures for procurements, and full and open competition was not provided.

Suspension and Debarment

During 2017-2018, the Cooperative did not have procedures in place to verify vendors were not suspended or debarred prior to entering into covered transactions with these vendors. The Cooperative implemented procedures during 2018-2019 to verify vendors were not suspended or debarred prior to entering into covered transactions with these vendors; however, an effective internal control system was not in place over the procedure.

The lack of controls and noncompliance over the small purchases procurement requirement were systemic issues throughout the audit period. The lack of effective controls over the suspension and debarment requirement was a systemic issue throughout the audit period; however the noncompliance was isolated to 2017-2018.

CLOVERDALE 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 200.318 states in part:

"(a) 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. . . ."

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. . . ."

2 CFR 200.319(a) states in part: "All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. . . ."

2 CFR 200.320 states in part:

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

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

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal control, including segregation of duties, related to 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.

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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.

Cloverdale Community School Corporation

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Cathy Ames
Curriculum Director

Greg Linton
Superintendent

Lynn Lotz
Administrative Secretary

Mendy Shrout
Treasurer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-001: Preparation of the Schedule of Expenditures and Federal Awards

Fiscal year in which the finding initially occurred: 2015

Contact Person Responsible for Corrective Action: Mendy Shrout (Corporation Treasurer)

Contact Phone Number: 765-795-4664

Status of Audit Finding:

The Corporation Treasurer works with the Superintendent to review and approve the financial data before it is submitted formally for the corporation. A copy of the SEFA report has been printed, signed by the Superintendent, and retained for Audit.

FINDING 2017-002: Special Education Cluster (IDEA) – Level of Effort

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, Indiana Department of Education

Contact Person Responsible for Corrective Action: Mendy Shrout (Corporation Treasurer)

Contact Phone Number: 765-795-4664

Status of Audit Finding:

The Corporation Treasurer works with the Superintendent to review and approve the financial data before it is submitted formally for the corporation to Old National Trail Special Services for grant application. A copy of the MOE has been printed, signed by the Superintendent, and retained for Audit.

FINDING 2017-003: Child Nutrition Cluster – Internal Controls

Clverdale Community School Corporation

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Fiscal year in which the finding initially occurred: 2017

Pass-Through Entity, if pass-through or Federal Grantor Agency, Indiana Department of Education

Contact Person Responsible for Corrective Action: Billy Boyette (Food Service Director)

Contact Phone Number: 765-795-2900

Status of Audit Finding:

Monthly reports are completed by the Food Service Director with the Corporation Secretary reviewing for errors and signing off.

Cash Management: Food Service Director will complete a 3 Month average balance tracking sheet to be verified by Corporation Treasurer signed and dated monthly.

Verification Certification report will be completed by Food Service Director and Free and Reduced Manager and verify by Corporation Treasurer and all sign off. We will continue what we have been doing this year.

FINDING 2017-004: Child Nutrition Cluster – Paid Lunch Equity

Fiscal year in which the finding initially occurred: 2017

Pass-Through Entity, if pass-through or Federal Grantor Agency, Indiana Department of Education

Contact Person Responsible for Corrective Action: Billy Boyette (Food Service Director)

Contact Phone Number: 765-795-2900

Status of Audit Finding:

The Food Service Director has printed the PLE system tool and gone over the report with the Superintendent.

The proposal has been board approved. A copy is kept on file for audit purposes.

FINDING 2017-005: Child Nutrition Cluster – Verification of Free and Reduced Price Applications (NSLP)

Fiscal year in which the finding initially occurred: 2017

Pass-Through Entity, if pass-through or Federal Grantor Agency, Indiana Department of Education

Contact Person Responsible for Corrective Action: Billy Boyette (Food Service Director)

Contact Phone Number: 765-795-2900

Status of Audit Finding:

Verification has been done by the Food Service Director. The Food Service Free/Reduced Secretary has reviewed after the verification is complete and sign. The applications have been reviewed by the Corporation Treasurer and signed. The applications are kept on file for audit review.

Clowerdale Community School Corporation

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FINDING 2017-006: Child Nutrition Cluster – Procurement Suspension and Debarment

Fiscal year in which the finding initially occurred: 2017

Pass-Through Entity, if pass-through or Federal Grantor Agency, Indiana Department of Education

Contact Person Responsible for Corrective Action: Billy Boyette (Food Service Director)

Contact Phone Number: 765-795-2900

Status of Audit Finding:

Food Service Director has suspension and debarment for all vendors on file for audit purposes.

Mandy Shout

(Signature)

Treasurer

(Title)

3-16-2020

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

Clverdale Community School Corporation

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Cathy Ames

Curriculum Director

Greg Linton

Superintendent

Lynn Lotz

Administrative Secretary

Mendy Shrout

Treasurer

CORRECTIVE ACTION PLAN

FINDING 2019-001

Contact Person Responsible for Corrective Action: Mendy Shrout (Corporation Treasurer)

Contact Phone Number: 767-795-4664

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Corporation Treasurer will use the Federal Clearing House website to verify the fund title with the CFDA number.

The Corporation Treasurer works with the Superintendent to review and approve the financial data before it is submitted formally for the corporation. A copy of the SEFA report is printed, signed by the Superintendent and retained for audit.

Anticipated Completion Date:

The next SEFA report will be in the fall of 2020.

FINDING 2019-002

Contact Person Responsible for Corrective Action: Mendy Shrout (Corporation Treasurer) and Billy Boyette (Food Service Director)

Contact Phone Number: 767-795-4664

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Food Service Director will inquire with the procurement site (SAM.gov). State Nutrition site and Food companies to make sure all vendors are in good standing. Food Service Director will check and in the bids that a letter of debarred or suspension on file.

Cloverdale Community School Corporation

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Food Service Director will obtain at least 3 quotes for each small purchase and keep documentation. For micro purchases, we will keep documentation from local vendors.

Anticipated Completion Date:

August 2019

FINDING 2019-003

Contact Person Responsible for Corrective Action: Mendy Shrout (Corporation Treasurer)
Contact Phone Number: 767-795-4664

Views of Responsible Official: We concur with the findings.

Description of Corrective Action Plan:

Food Service Director will check monthly report from corporation Secretary to verify and sign the monthly after checking the 8400 account transfer to 800 account.

Anticipated Completion Date:

March 2020

FINDING 2019-004

Contact Person Responsible for Corrective Action: Mendy Shrout (Corporation Treasurer)
Contact Phone Number: 767-795-4664

Views of Responsible Official: We concur with the findings.

Description of Corrective Action Plan:

School Food Account: Food Service Director will prepare monthly reports, Corporation Secretary to verify and sign the monthly after checked.

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Verification of Free and Reduced Meal Applications: Verification Certification report will be completed by Food Service Director and Free and Reduced Manager and verify by Corporation Treasurer and all sign off. We will continue what we have been doing this year.

Anticipated Completion Date:
January 2019 School Food Account
November 2019 Verification of Free and Reduced Meal Application

FINDING 2019-005

Contact Person Responsible for Corrective Action: Mendy Shrout (Corporation Treasurer) and Billy Boyette (Food Service Director)
Contact Phone Number: 767-795-4664

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Cash Management: Food Service Director will do a spreadsheet monthly to monitor school lunch fund balances to ensure cash balances does not exceed 3-month expenditures. The Food Service Director will verify with the Corporation Treasurer, monthly spreadsheet

Anticipated Completion Date:

March 2020

FINDING 2019-006

Contact Person Responsible for Corrective Action: Mendy Shrout (Corporation Treasurer) and Billy Boyette (Food Service Director)
Contact Phone Number: 765-795-4664

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Free and Reduced Manager will print the free/reduced applications from Harmony and any and any applications turned in to food services. The free and reduced Manager will complete the applications and the Food Service Director verify and sign off each application eligibility is met

Cloverdale Community School Corporation

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Anticipated Completion Date:

January 2019

FINDING 2019-007

Contact Person Responsible for Corrective Action: Greg Linton (Superintendent/ONT Board Member)
Contact Phone Number: 765-795-4664

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

ONT will follow the established procurement process and suspension/disbarment procedures set up by the board.

Anticipated Completion Date:

Procurement: July 1, 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/>.