

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

CLARKSVILLE COMMUNITY SCHOOL CORPORATION

CLARK COUNTY, INDIANA

July 1, 2018 to June 30, 2020



FILED

03/03/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Christi Pruitt (Vacant) Dianne Lacy	07-01-18 to 12-21-18 12-22-18 to 02-03-19 02-04-19 to 12-31-21
Superintendent of Schools	Tina Bennett	07-01-18 to 06-30-21
President of the School Board	William P. Wilson	07-01-18 to 12-31-21



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 CLARKSVILLE COMMUNITY SCHOOL
CORPORATION, CLARK 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 Clarksville Community School Corporation (School Corporation), for the period of July 1, 2018 to June 30, 2020, 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 17, 2021, 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 2020-001 and 2020-002, 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 items 2020-001 and 2020-002.

Clarksville 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 17, 2021



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 CLARKSVILLE COMMUNITY SCHOOL CORPORATION, CLARK COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Clarksville 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, 2018 to June 30, 2020. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2018 to June 30, 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
(Continued)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2020-004. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2020-003 and 2020-004, that we consider to be material weaknesses.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2018 to June 30, 2020, and the related notes to the financial statement. We issued our report thereon dated February 17, 2021, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with U.S. Generally Accepted Accounting Principles, and an unmodified opinion was issued regarding the presentation in accordance with the Regulatory Basis of Accounting. Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.


Paul D. Joyce, CPA
State Examiner

February 17, 2021

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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.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2019 and 2020

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 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program							
	Indiana Department of Education						
		10.553	FY18-19	\$ -	\$ 134,759	\$ -	\$ -
		10.553	FY19-20	-	-	-	114,467
COVID-19 - School Breakfast Program							
	Indiana Department of Education						
		10.553	FY19-20	-	-	-	7,901
Total - School Breakfast Program							
				-	134,759	-	122,368
National School Lunch Program							
	Indiana Department of Education						
		10.555	FY18-19	-	479,483	-	-
		10.555	FY19-20	-	-	-	399,484
		10.555	FY18-20	-	68,195	-	56,277
Sub-Total - National School Lunch Program							
				-	547,678	-	455,761
COVID-19 - National School Lunch Program							
		10.555	FY19-20	-	-	-	28,895
Total - National School Lunch Program							
				-	547,678	-	484,656
COVID-19 - Summer Food Service Program for Children							
	Indiana Department of Education						
		10.559	FY19-20	-	-	-	104,734
Total - Child Nutrition Cluster							
				-	682,437	-	711,758
Child Nutrition Discretionary Grants Limited Availability							
	Indiana Department of Education						
		10.579	FY18-19	-	18,282	-	-
		10.579	FY19-20	-	-	-	55,000
Total - Child Nutrition Discretionary Grants Limited Availability							
				-	18,282	-	55,000
Total - Department of Agriculture							
				-	700,719	-	766,758
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States							
	Indiana Department of Education						
		84.027	14217-140-PN01	-	51,257	-	-
		84.027	18611-036-PN01	-	255,279	-	122,261
		84.027	19611-036-PN01	-	47,165	-	285,185
		84.027	20611-035-PN01	-	-	-	67,636
Total - Special Education Grants to States							
				-	353,701	-	475,082
Special Education Preschool Grants							
	Indiana Department of Education						
		84.173	18619-036-PN01	-	8,243	-	2,742
		84.173	19619-036-PN01	-	-	-	7,480
		84.173	45717-140-PN01	-	606	-	-
Total - Special Education Preschool Grants							
				-	8,849	-	10,222
Total - Special Education Cluster (IDEA)							
				-	362,550	-	485,304

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2019 and 2020

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 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
Title I Grants to Local Educational Agencies	Indiana Department of Education						
FY 2017 Title I		84.010	17-1000	-	90,704	-	-
FY 2018 Title I		84.010	18-1000	-	186,880	-	86,473
FY 2020 Title I		84.010	S010A190014	-	-	-	194,338
Total - Title I Grants to Local Educational Agencies				-	277,584	-	280,811
English Language Acquisition State Grants	Indiana Department of Education						
English Language Acquisition Grants		84.365	01117-009-PN01	-	6,170	-	-
FFY 2018 Title III Part A Grant		84.365	S365A180014	-	-	-	9,605
FFY 2019 Title III Grant		84.365	S365A190014	-	-	-	2,250
English Language Acquisition Grants		84.365	S365A170014	-	2,224	-	8,601
Total - English Language Acquisition State Grants				-	8,394	-	20,456
Supporting Effective Instruction State Grants	Indiana Department of Education						
FFY 2018 Title II Part A Grant		84.367	S367A180013	-	-	-	2,315
FFY 2019 Title II Part A Grant		84.367	S367A190013	-	-	-	125
FY 2016 Title II/Part A Grant		84.367	S367A160013	-	34,198	-	-
FY 2017 Title II/Part A Grant		84.367	S367A170013	-	9,175	-	28,468
Total - Supporting Effective Instruction State Grants				-	43,373	-	30,908
Student Support and Academic Enrichment Program	Indiana Department of Education						
FFY 2018-2020 Title IV Part A Grant		84.424	S424A180015	-	765	-	14,021
FFY 2019-2021 Title IV Part A Grant		84.424	S424A190015	-	-	-	6,864
Total - Student Support and Academic Enrichment Program				-	765	-	20,885
Total - Department of Education				-	692,666	-	838,364
Department of Health and Human Services							
Medicaid Cluster							
Medical Assistance Program							
Medicaid Administrative Claiming (MAC)	Indiana Department of Education	93.778	FY19	-	4,233	-	-
Medicaid Administrative Claiming (MAC)	Indiana Department of Education	93.778	FY20	-	-	-	4,239
IEP Services	Family and Social Services Administration	93.778	FY19	-	14,184	-	-
IEP Services	Family and Social Services Administration	93.778	FY20	-	-	-	9,300
Total - Medicaid Cluster				-	18,417	-	13,539
Total federal awards expended				\$ -	\$ 1,411,802	\$ -	\$ 1,618,661

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

CLARKSVILLE 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, 2019 and 2020. 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 Madison Area Educational Special Services Unit (MAESSU), a special education cooperative. MAESSU operates the special education programs for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) federal program that is presented on the SEFA is not presented as receipts and disbursements in the financial statement of the School Corporation. This activity is reported on the financial statement of MAESSU.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

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

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Unmodified
Special Education Cluster (IDEA)	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

FINDING 2020-001

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

Condition and Context

The School Corporation had not established internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA). The federal award information was entered into Gateway without an internal control process in place to prevent, or detect and correct, errors on the SEFA before submission.

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

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

1. Commodities for the National School Lunch Program in the amount of \$68,195 and \$56,277 were not reported for periods ending June 30, 2019 and 2020, respectively.
2. A State grant, Non-English Speaking Program, in the amount of \$53,284 was incorrectly included on the schedule.
3. Medicaid expenditures in the amounts of \$18,417 and \$13,539 were not reported for periods ending June 30, 2019 and 2020, respectively.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

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. . . ."

CLARKSVILLE 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 award years, the auditee may list the amount of Federal awards expended for each 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 a 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

Management had not established a system of internal controls that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal controls in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA included 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.

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

FINDING 2020-002

Subject: Financial Transactions and Reporting - EFT Vendor Disbursements
Audit Findings: Material Weakness, Noncompliance

Condition and Context

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting of vendor disbursements made by Electronic Funds Transfer (EFT). Procedures were not in place at the School Corporation that would have ensured that vendor payments made by EFT were approved by the School Board. EFT payments consisted of payroll withholding disbursements that were paid by the payroll clerk and entered into the ledger with a journal entry. The Treasurer approved the EFT payments, but they were not presented to the School Board for approval.

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. . . ."

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: . . .

- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

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

Cause

Management of the School Corporation had not established a proper system of internal control that would have ensured that all disbursements were approved by the School Board.

Effect

The failure to establish a proper system of internal control enabled material noncompliance, and could have enabled material misstatements or irregularities, to remain undetected.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2020-003

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, COVID-19 School Breakfast Program,
National School Lunch Program, COVID-19 National School Lunch
Program, COVID-19 Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY18-19, FY19-20

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Procurement and Suspension and Debarment

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report for Cash Management. The prior audit finding number was 2018-001.

Condition and Context

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Cash Management and Procurement and Suspension and Debarment compliance requirements.

Cash Management

The School Corporation had not properly developed procedures whereby the School Lunch fund balance was monitored to ensure the net cash resources in the fund did not exceed the three months average expenditures. The procedures implemented by the School Corporation during the audit period were not adequately developed to achieve the objective of the compliance requirement.

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

Procurement and Suspension and Debarment

The School Corporation had not properly developed or implemented an internal control process to ensure a properly developed procurement policy was established and followed.

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

Cause

Management had not developed a system of internal controls that included proper development of procedures, oversight, review, and approval of the Cash Management and Procurement and Suspension and Debarment compliance requirements.

Effect

The failure to establish an effective internal control system could have enabled noncompliance with the grant agreement and the Cash Management and Procurement and Suspension and Debarment compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management establish a system of internal controls, including segregation of duties, related to the grant agreement and the Cash Management and Procurement and Suspension and Debarment compliance requirements.

Views of Responsible Officials

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

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

FINDING 2020-004

Subject: Special Education Cluster (IDEA) - 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): 18611-036-PN01
18619-036-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2018-003.

Condition and Context

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

The School Corporation was a member of a special education cooperative (Cooperative). The Cooperative operated the special education programs on behalf of the School Corporation and managed the special education grant funds. Because the grant agreements were between the Indiana Department of Education and the School Corporation, the School Corporation is ultimately responsible for compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not have adequate procedures in place to ensure that the Cooperative complied with the suspension and debarment requirements. The Cooperative did not have adequate procedures in place to verify that vendors were not suspended or debarred from participation in federal programs prior to entering into a covered transaction with those vendors.

There were three contracts that exceeded \$25,000 in the 2019-2020 school year. The Cooperative did not perform any procedures to verify that vendors were not suspended or debarred from participation in federal programs before entering into the contracts.

Criteria

2 CFR section 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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). . . ."

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

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 controls that would have ensured compliance with the grant agreement and the suspension and debarment requirements.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the suspension and debarment requirements 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 effective internal 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.

AUDITEE-PREPARED DOCUMENTS

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



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-001

Fiscal year in which the finding initially occurred: FY 2015

Status of Audit Finding:

The Corporation has made procedural changes as it relates to Cash Management, Eligibility, Program Income, and Reporting compliance requirements:

Cash Management

- The Food Service Director reviews on a quarterly basis the prior quarter's monthly budget and revenue reports that are provided monthly by the Corporation Treasurer.
- The Food Service Director takes each month's budget figures, totals them and divides them by three to get an average. That process is also completed for the revenue figures. The averaged quarterly figures for the budget and revenue are then placed into the following formula: *Quarterly Revenue totals - Quarterly Budget totals = 3 month average food service account balance*
- The calculation is recorded on the quarterly reports as record of action being taken and is filed together in a folder marked "Quarterly Review of Food Service Acct Balance."
 - If the account balance exceeds three months' expenditures, then purchases are made for the Food Service Program (i.e. kitchen equipment, small wares, etc.)
 - If the balance doesn't exceed three months' expenditures, expenditures will be adjusted accordingly.

Eligibility

- When paper applications for Benefits Assistance are received, they are processed by the Food Service Director and reviewed by no less than one additional Food Service Manager for accuracy prior to inputting the information into the school lunch software program for eligibility determination and vice versa. Both parties sign off on the application in the appropriate places as listed on the application - one as Determining Official; one as a Reviewer. This procedure was put into place on April 15, 2019.
- State issued income guidelines for the current school year are printed by the Food Service Director. These figures are entered into the school lunch software program and verified for accuracy by one of the Food Service Managers prior to saving the information in the program. Both parties sign off on the printed guidelines and that document is kept in a folder marked "Signed Income Guidelines." This procedure was put into place in July 2019.
- Internal control procedures were developed, but are not being used at this time as it relates to the meal program since the Clarksville Community School Corporation implemented a district-wide CEP.

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CORRECTIVE ACTION PLAN

FINDING 2018-001

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Program Income

- The Food Service Director and Corporation Treasurer sign off on the Monthly Reconciliation Spreadsheet (transfer worksheet) upon completion and verification of supporting documents for transfer of funds from the Prepaid Lunch Fund to the School Lunch Fund. This procedure was put into place in April 2019.

Reporting

- The Food Service Director properly identifies financial activity related to program income and sends to the Corporation Treasurer for reconciling to the correct financial account in the financial ledger. Any discrepancies are identified and corrected appropriately with the Food Service Director and Corporation Treasurer signing off on the correction.
- Prior to submission of the Annual Financial Reports, the Food Service Director presents the reports to the Corporation Treasurer for a review of accuracy. The Corporation Treasurer signs off after reviewing. This was put into place with the submission of the Fall AFR in 2018.
- The Food Service Director print offs the appropriate reports from the school lunch software program for Reimbursement Claim Reporting on a monthly basis. Prior to the Food Service Director submitting this information on the Child Nutrition Program web, no less than one of the Food Service Managers verifies the accuracy of the report and both parties sign off on it. This procedure was put into place in April 2019. The Corporation Treasurer uses this to verify the amount received for reimbursement.
- Prior to becoming a CEP District, the Food Service Director presented the Verification Collection Reports to the CCSC food service managers for review of accuracy and sign off. We are currently an all-CEP District.

The Corrective Action Plan was implemented in September 2018 when the initial finding was presented. Additional procedures were put into place in April and July 2019 when the figures for the following school year were posted.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-002

Fiscal year in which the finding initially occurred: FY 2015

Status of the Audit Finding:

The Corporation has made procedural changes and developed a system of internal controls as it relates to the grant agreement and the Special Tests and Provisions – Paid Lunch Equity compliance requirement.

- Upon filling out the appropriate information into the PLE Tool the Food Service Director forwards the information and the completed PLE Tool to the Superintendent for evaluation prior to submission to the appropriate agency. This occurs in April or May for the upcoming school year. After evaluation is complete, the Superintendent issues an approval to the Food Service Director for PLE Tool submission to the INDOE Nutrition Department by signing off. Both make determinations as to the amount of increase to cover the actual weighted average meal price per guidance by the criteria 2CFR section 200.303 and 7CFR 210.14(e). The Food Service Director submits the PLE Tool and updated meal pricing as already required by the INDOE Nutrition Department for their approval.
- As of July 2018, Clarksville Community School Corporation is a Community Eligibility Provision (CEP) district-wide and does not charge students for breakfasts or lunches.

Internal control was reviewed in April 2019. Tool is not being used at this time as we are still district-wide CEP. Upon withdrawal from the CEP program, this procedure will be utilized.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-003

Fiscal year in which the finding initially occurred: FY 2015

Status of Audit Finding:

The Corporation has made procedural changes as it relates to grant agreements and the compliance with procurement and suspension and debarment:

MAESSU has a continuing issue with required checks for suspension and debarment. We are working with them to correct this issue.



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CORRECTIVE ACTION PLAN

FINDING 2020-001

Preparation of the Schedule of Expenditures of Federal Awards

Contact Person Responsible for Corrective Action: Dianne Lacy
Contact Phone Number: 812.282.7753

Views of Responsible Official:

We concur with the finding.

Description of the Corrective Action Plan:

Beginning with the 2020-2021 school year, the Corporation Treasurer will input and report all federal awards on the Schedule of Expenditures of Federal Awards (SEFA) using the Gateway portal. School Lunch Commodities are to be included on the SEFA in the National School Lunch Program section titled Commodities. Federal Medicaid will be properly documented on the SEFA as well. The SEFA will be given to the Assistant Superintendent for verification before forwarding to our Financial Consultant for additional verification.

Anticipated Completion Date: Immediately

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CORRECTIVE ACTION PLAN

FINDING 2020-002

Financial Transactions and Reporting – EFT Vendor Disbursements

Contact Person Responsible for Corrective Action: Dianne Lacy
Contact Phone Number: 812.282.7753

Views of Responsible Official:

We concur with the finding.

Description of the Corrective Action Plan:

Beginning on February 12, 2021, all EFT vendor payments will be included on the After Checks Accounts Payable Voucher and approved by the Board of School Trustees when signing the Allowance of Vouchers.

Anticipated Completion Date: February 12, 2021

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CORRECTIVE ACTION PLAN

FINDING 2020-003

School Lunch

Contact Person Responsible for Corrective Action: Dianne Lacy
Contact Phone Number: 812.282.7753

Views of Responsible Official:

We concur with the finding.

Description of the Corrective Action Plan:

The corporation had implemented a plan to monitor the net cash resources in the School Lunch Fund to make sure they did not exceed the three months average expenditures. The tool that was being used did not have the adequate data. It has been updated and the Food Service Director will document the calculation and share with the Corporation Treasurer each quarter.

The corporation procurement policy will be updated to identify the monetary purchase thresholds as required by federal regulations.

Anticipated Completion Date: Immediately

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CORRECTIVE ACTION PLAN

FINDING 2020-004

Special Education – Suspension and Debarment

Contact Person Responsible for Corrective Action: Dianne Lacy
Contact Phone Number: 812.282.7753

Views of Responsible Official:

We concur with the finding. The Madison Coop did required checks for suspension and debarment but did not complete these every year.

Description of the Corrective Action Plan:

The Madison Coop will complete inquiries into suspension and debarment every year using the OIG website.

Anticipated Completion Date: Immediately

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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/>.